

ADAM SMITH, LL D., F.R.S., was born June 5, 1723. When he was about three years' old he was carried off by gipsies from the house of his aunt Douglass, but was soon recovered from them. At the school of Kirkcaldy he made rapid progress, and showed extraordinary powers of memory. He was of friendly temperament, but absent in manner, and had a habit of speaking to himself when alone. In 1737 he became a student at Glasgow University, and in 1740 went to Balliol College, Oxford, enjoying an exhibition on the Snell foundation. At Glasgow, his favourite studies were mathematics and natural philosophy, and the political history of mankind, and his ruling passion was to contribute to the happiness and improvement of society. To his knowledge of Greek may be due the clearness and fulness with which he states his political reasonings.

After a residence at Oxford of seven years, he returned to Kirkcaldy, and lived with his mother, he was an ardent student, but without any fixed plan for his future life. He had been destined for the Church of England. Removing to Edinburgh in 1748, he read lectures on rhetoric and belles lettres, under the patronage of Lord Kames.

In 1751, he was assistant Professor of Logic in the University of Glasgow, and in 1752 became Professor of Moral Philosophy there. In delivering his lectures, Mr Smith trusted almost entirely to extemporary elocution. His manner, though not graceful, was plain and unaffected, his reputation filled his class-rooms, those branches of science taught by him became fashionable, and his opinions were discussed in the literary societies of Glasgow. While thus eminent as a lecturer, he was preparing for the press his 'System of Morals,' and his Essays—'The Theory of Moral Sentiments'—appeared in 1757, the foundation of his literary reputation.

Towards the close of 1763, Mr Smith arranged to visit the Continent with the Duke of Buccleugh, returning to London in 1766. For the next ten years he lived with his mother at Kirkcaldy, and in 1776, accounted to the world for his long retreat by the publication of his 'Inquiry into the Nature and Causes of the Wealth of Nations.' In 1778, Mr Smith was appointed a commissioner of customs in Scotland. In 1784, he lost his mother, and in 1788, his cousin, Miss Douglass, to whom he had been strongly attached, and in July, 1790, he died, having a short while before, in conversation with his friend Riddell, regretted that 'he had done so little.'

DUGALD STUART

On Adam Smith's Inquiry into the Nature and the Causes OF THE WEALTH OF NATIONS

AN historical view of the different forms under which human affairs have appeared in different ages and nations, naturally suggests the question, Whether the experience of former times may not now furnish some general principles to enlighten and direct the policy of future legislators? The discussion, however, to which this question leads is of singular difficulty, as it requires an accurate analysis of by far the most complicated class of phenomena that can possibly engage our attention, those which result from the intricate and often the imperceptible mechanism of political society,—a subject of observation which seems, at first view, so little commensurate to our faculties, that it has been generally regarded with the same passive emotions of wonder and submission with which, in the material world, we survey the effects produced by the mysterious and uncontrollable operation of physical causes. It is fortunate that upon this, as upon many other occasions, the difficulties which had long baffled the efforts of solitary genius begin to appear less formidable to the united exertions of the race, and that in proportion as the experience and the reasonings of different individuals are brought to bear upon the same objects, and are combined in such a manner as to illustrate and to limit each other, the science of politics assumes more and more that symmetrical form which encourages and aids the labours of future inquirers.

In prosecuting the science of politics on this plan, little assistance is to be derived from the speculations of ancient philosophers, the greater part of whom, in their political inquiries, confined their attention to a comparison of the different forms of government, and to an examination of the provisions they made for perpetuating their own existence, and for extending the glory of the state. It was reserved for modern times to investigate those universal principles of justice and of expediency, which ought, under every form of government, to regulate the social order, and of which the object is, to make as equitable a distribution as possible among all the different members of a community, of the advantages arising from the political union.

The invention of printing was perhaps necessary to prepare the way for these researches. In those departments of literature and of science, where genius finds within itself the materials of its labours, in poetry, in pure geometry, and in some branches of moral philosophy, the ancients have not only laid the foundations on which we are to build, but have left great and finished models for our imitation. But in physics, where our progress depends on an immense collection of facts, and on a combination of the accidental lights daily struck out in the innumerable walks of observation and experiment, and in politics, where the materials of our theories are equally scattered, and are collected and arranged with still greater difficulty, the means of communication afforded by the press have, in the course of two centuries, accelerated the progress of the human mind far beyond what the most sanguine hopes of our predecessors could have imagined.

The progress already made in this science, inconsiderable as it is in comparison with what may yet be expected, has been sufficient to show that the happiness of mankind depends, not on the share which the people possesses, directly or indirectly, in the enactment of laws, but on the equity and expediency of the laws that are enacted. The share which the people possesses in the government is interesting chiefly to the small number of men whose object is the attainment of political importance, but the equity and expediency of the laws are interesting to every member of the community and more especially to those whose personal insignificance leaves them no encouragement, but what they derive from the general spirit of the government under which they live.

It is evident, therefore, that the most important branch of political science is that which has now for its object to ascertain the philosophical principles of jurisprudence, or (as Mr. Smith, in his 'Theory of Moral Sentiments,' expresses it) to ascertain 'the general principles which ought to run through and be the foundation of the laws of all nations.' In countries where the prejudices of the people are widely at variance with these principles, the political liberty which the constitution bestows only furnishes them with the means of accomplishing their own ruin and if it were possible to suppose these principles completely realized in any system of laws, the people would have little reason to complain that they were not immediately instrumental in their enactment. The only infallible criterion of the excellence of any constitution is to be found in the detail of its municipal code, and the value which wise men set on political freedom, arises chiefly from the facility it is supposed to afford, for the introduction of those legislative improvements which the general interests of the community recommend to. I cannot help adding, that the capacity of a people to exercise political rights with utility to themselves and to

their country, presupposes a diffusion of knowledge and of good morals, which can only result from the previous operation of laws favourable to industry, to order, and to freedom

Of the truth of these remarks, enlightened politicians seem now to be in general convinced, for the most celebrated works which have been produced in the different countries of Europe, by Smith, Quesnai, Turgot, Campomanes, Beccaria, and others, have aimed at the improvement of society,—not by delineating plans of new constitutions, but by enlightening the policy of actual legislators. Such speculations, while they are more essentially and more extensively useful than any others, have no tendency to unhinge established institutions, or to inflame the passions of the multitude. The improvements they recommend are to be effected by means too gradual and slow in their operation to warm the imaginations of any but of the speculative few, and in proportion as they are adopted, they consolidate the political fabric, and enlarge the basis upon which it rests.

To direct the policy of nations with respect to one most important class of its laws, those which form its system of political economy, is the great aim of Mr Smith's 'Inquiry,' and he has unquestionably had the merit of presenting to the world the most comprehensive and perfect work that has yet appeared on the general principles of any branch of legislation. The example which he has set will be followed in due time by other writers, for whom the internal policy of states furnishes many other subjects of discussion no less curious and interesting, and may accelerate the progress of that science which Lord Bacon has so well described in his essay, whose enumeration of the different objects of law coincides very nearly with that given by Mr Smith in the conclusion of his 'Theory of Moral Sentiments,' and the precise aim of the political speculations which he then announced, and of which he afterwards published so valuable a part in his 'Wealth of Nations,' was to ascertain the general principles of justice and of expediency which ought to guide the institutions of legislators on these important articles,—in the words of Lord Bacon, to ascertain those *leges legum*, 'ex quibus informatio peti possit, quid in 'singulis legibus bene aut perperam positum aut constitutum sit'

The branch of legislation which Mr Smith has made choice of as the subject of his work, naturally leads me to remark a very striking contrast between the spirit of ancient and of modern policy in respect to the wealth of nations. The great object of the former was to counteract the love of money and a taste for luxury, by positive institutions, and to maintain in the great body of the people, habits of frugality and a severity of manners. The decline of states is uniformly ascribed by the philosophers and historians, both of Greece and Rome, to the influence of riches on national

character, and the laws of Lycurgus, which, during a course of ages, banished the precious metals from Sparta, are proposed by many of them as the most perfect model of legislation devised by human wisdom. How opposite to this is the doctrine of modern politicians! Far from considering poverty as an advantage to a state, their great aim is to open new sources of national opulence, and to animate the activity of all classes of the people, by a taste for the comforts and the accommodations of life.

One principal cause of this difference between the spirit of ancient and modern policy, may be found in the difference between the sources of national wealth in ancient and modern times. In ages when commerce and manufactures were yet in their infancy, and among states constituted like most of the ancient republics, a sudden influx of riches from abroad was justly dreadful as an evil, alarming to the morals, to the industry, and to the freedom of a people. So different, however, is the case at present, that the most wealthy nations are those where the people are the most laborious, and where they enjoy the greatest degree of liberty. Nay, it was the general diffusion of wealth among the lower orders of men which first gave birth to the spirit of independence in modern Europe, and which has produced under some of its governments, and especially under our own, a more equal diffusion of freedom and of happiness than took place under the most celebrated constitutions of antiquity.

Without this diffusion of wealth among the lower orders, the important effects resulting from the invention of printing would have been extremely limited: for a certain degree of ease and independence is necessary to inspire men with the desire of knowledge, and to afford them the leisure which is requisite for acquiring it, and it is only by the rewards which such a state of society holds up to industry and ambition, that the selfish passions of the multitude can be interested in the intellectual improvement of their children. The extensive propagation of light and refinement arising from the influence of the press, aided by the spirit of commerce, seems to be the remedy provided by nature against the fatal effects which would otherwise be produced by the subdivision of labour accompanying the progress of the mechanical arts: nor is anything wanting to make the remedy effectual, but wise institutions to facilitate general instruction, and to adapt the education of individuals to the stations they are to occupy. The mind of the artist, which from the limited sphere of his activity, would sink below the level of the peasant or the savage, might receive in infancy the means of intellectual enjoyment and the seeds of moral improvement; and even the insipid uniformity of his professional engagements, by presenting no objects to awaken his ingenuity or to distract his attention, might leave him at liberty to employ his

faculties on subjects more interesting to himself, and more extensively useful to others

These effects, notwithstanding a variety of opposing causes which still exist, have already resulted, in a very sensible degree, from the liberal policy of modern times. Mr Hume, in his essay 'On Commerce,' after taking notice of the numerous armies raised and maintained by the small republics in the ancient world, ascribes the military power of these states to their want of commerce and luxury 'Few artisans were maintained by the labour of the 'farmers, and therefore more soldiers might live upon it' He adds, however, 'that the policy of ancient times was VIOLENT, and 'contrary to the NATURAL course of things,'—by which, I presume, he means, that it aimed too much at modifying, by the force of positive institutions, the order of society, according to some preconceived idea of expediency, without trusting sufficiently to these principles of the human constitution, which, wherever they are allowed free scope, not only conduct mankind to happiness, but lay the foundation of a progressive improvement in their condition and in their character The advantages which modern policy possesses over the ancient, arise principally from its conformity, in some of the most important articles of political economy, to an order of things recommended by nature, and it would not be difficult to show, that where it remains imperfect, its errors may be traced to the restraints it imposes on the natural course of human affairs Indeed, in these restraints may be discovered the latent seeds of many of the prejudices and follies which infect modern manners, and which have so long bid defiance to the reasonings of the philosopher and the ridicule of the satirist.

The foregoing very imperfect hints appeared to me to form, not only a proper, but in some measure a necessary introduction to the few remarks I have to offer on Mr Smith's 'Inquiry,' as they tend to illustrate a connexion between his system of commercial politics, and those speculations of his earlier years, in which he aimed more professedly at the advancement of human improvement and happiness It is this view of political economy that can alone render it interesting to the moralist, and can dignify calculations of profit and loss in the eye of the philosopher Mr Smith has alluded to it in various passages of his work, but he has nowhere explained himself fully on the subject, and the great stress he has laid on the effects of the division of labour in increasing its productive powers, seems, at first sight, to point to a different and very melancholy conclusion,—that the same causes which promote the progress of the arts, tend to degrade the mind of the artists, and, of consequence, that the growth of national wealth involves a sacrifice of the character of the people

The fundamental doctrines of Mr Smith's system are now so generally known, that it would have been tedious to offer any recapitulation of them. The great and leading object of his speculations is, to illustrate the provision made by nature in the principles of the human mind, and in the circumstances of man's external situation, for a gradual and progressive augmentation in the means of national wealth, and to demonstrate, that the most effectual plan for advancing a people to greatness, is to maintain that order of things which nature has pointed out, by allowing every man, as long as he observes the rules of justice, to pursue his own interest in his own way, and to bring both his industry and his capital into the freest competition with those of his fellow-citizens. Every system of policy which endeavours, either by extraordinary encouragements to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it, or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it, is, in reality, subversive of the great purpose which it means to promote.

What the circumstances are which, in modern Europe, have contributed to disturb this order of nature, and, in particular, to encourage the industry of towns at the expense of that of the country, Mr Smith has investigated with great ingenuity, and in such a manner, as to throw much new light on the history of that state of society which prevails in this quarter of the globe. His observations on this subject tend to show, that these circumstances were, in their first origin, the natural and the unavoidable result of the peculiar situation of mankind during a certain period, and that they took their rise, not from any general scheme of policy, but from the private interests and prejudices of particular orders of men.

The state of society, however, which at first arose from a singular combination of accidents, has been prolonged much beyond its natural period by a false system of political economy, propagated by merchants and manufacturers, a class of individuals whose interest is not always the same with that of the public, and whose professional knowledge gave them many advantages, more particularly in the infancy of this branch of science, in defending those opinions which they wished to encourage. By means of this system, a new set of obstacles to the progress of national prosperity has been created. Those which arose from the disorders of the feudal ages, tended directly to disturb the internal arrangements of society, by obstructing the free circulation of labour and of stock, from employment to employment, and from place to place. The false system of political economy which has been hitherto prevalent, as its professed object has been to regulate the commercial

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intercourse between different nations, has produced its effect in a way less direct and less manifest, but equally prejudicial to the states that have adopted it

On this system, as it took its rise from the prejudices, or, rather, from the interested views, of mercantile speculators, Mr Smith bestows the title of the Commercial or Mercantile System, and he has considered at great length its two principal expedients for enriching a nation,—restraints upon importation, and encouragements to exportation. Part of these expedients, he observes, have been dictated by the spirit of monopoly, and part by a spirit of jealousy against those countries with which the balance of trade is supposed to be disadvantageous. All of them appear clearly, from his reasonings, to have a tendency unfavourable to the wealth of the nation which imposes them. His remarks with respect to the jealousy of commerce are expressed in a tone of indignation which he seldom assumes in his political writings

‘Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their gain as its own loss. Commerce, which ought naturally to be among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. The capricious ambition of kings and ministers has not, during the present and the preceding century, been more fatal to the repose of Europe, than the impudent jealousy of merchants and manufacturers. The violence and injustice of the rulers of mankind is an ancient evil, for which perhaps the nature of human affairs can scarce admit of a remedy. But the mean rapacity, the monopolizing spirit of merchants and manufacturers, who neither are nor ought to be the rulers of mankind, though it cannot perhaps be corrected, may very easily be prevented from disturbing the tranquillity of anybody but themselves.’

The liberal principles are explained which, according to Mr Smith, ought to direct the commercial policy of nations, and of which it ought to be the great object of legislators to facilitate the establishment. In what manner the execution of the theory should be conducted in particular instances, is a question of a very different nature, and to which the answer must vary, in different countries, according to the different circumstances of the case. In a speculative work, such as Mr Smith’s, the consideration of this question did not fall properly under his general plan, but that he was abundantly aware of the danger to be apprehended from a rash application of political theory, appears not only from the general strain of his writings, but from some incidental observations which he has made upon the subject. ‘So unfortunate (says he, in one passage) are the effects of all the regulations of the mercantile system, that they not only introduce very dangerous

' disorders into the state of the body politic, but disorders which it is often difficult to remedy, without occasioning, for a time at least, still greater disorders In what manner, therefore, the natural system of perfect liberty and justice ought gradually to be restored, we must leave to the wisdom of future statesmen and legislators to determine' In his 'Theory of Moral Sentiments,' he has introduced some remarks, which have an obvious reference to the same important doctrine The following passage seems to refer more particularly to those derangements of the social order which derived their origin from the feudal institutions

' The man whose public spirit is prompted altogether by humanity and benevolence, will respect the established powers and privileges even of individuals, and still more of the great orders and societies into which the state is divided Though he should consider some of them as in some measure abusive, he will content himself with moderating what he often cannot annihilate without great violence When he cannot conquer the rooted prejudices of the people by reason and persuasion, he will not attempt to subdue them by force, but will religiously observe what, by Cicero, is justly called the divine maxim of Plato, never to use violence to his country no more than to his parents He will accommodate, as well as he can, his public arrangements to the confirmed habits and prejudices of the people, and will remedy, as well as he can, the inconveniences which may flow from the want of those regulations which the people are averse to submit to When he cannot establish the right, he will not disdain to ameliorate the wrong, but, like Solon, when he cannot establish the best system of laws, he will endeavour to establish 'the best that the people can bear'

These cautions with respect to the practical application of general principles were peculiarly necessary from the author of 'The Wealth of Nations,' as the unlimited freedom of trade, which it is the chief aim of his work to recommend, is extremely apt, by flattering the indolence of the statesman, to suggest to those who are invested with absolute power, the idea of carrying it into immediate execution.

These observations do not detract in the least from the value of those political theories which attempt to delineate the principles of a perfect legislation Such theories ought to be considered merely as descriptions of the *ultimate* objects at which the statesman ought to aim The tranquillity of his administration, and the immediate success of his measures, depend on his good sense and his practical skill, and his theoretical principles only enable him to direct his measures steadily and wisely, to promote the improvement and happiness of mankind, and prevent him from being ever

led astray from these important ends by more limited views of temporary expedience 'In all cases (says Mr Hume) it must be 'advantageous to know what is most perfect in the kind, that we 'may be able to bring any real constitution or form of government 'as near it as possible, by such gentle alterations and innovations 'as may not give too great disturbance to society'

Mr Smith's doctrine concerning the freedom of trade and of industry coincides remarkably with that which we find in the writings of the French economists. But it cannot be pretended by the warmest admirers of that system, that any one of its numerous expositors has approached to Mr Smith in the precision and perspicuity with which he has stated it, or in the scientific and luminous manner in which he has deduced it from elementary principles. It may be doubted, with respect to Mr Smith's 'Inquiry,' if there exists any book beyond the circle of the mathematical and physical sciences, which is at once so agreeable in its arrangement to the rules of a sound logic, and so accessible to the examination of ordinary readers. Abstracting entirely from the author's peculiar and original speculations, I do not know that, upon any subject whatever, a work has been produced in our times, containing so methodical, so comprehensive, and so judicious a digest of all the most profound and enlightened philosophy of the age.

In justice also to Mr Smith, it must be observed, that although some of the economical writers had the start of him in publishing their doctrines to the world, these doctrines appear, with respect to him, to have been altogether original, and the result of his own reflections. Of this every person must be convinced, who reads the 'Inquiry' with due attention, and is at pains to examine the gradual and beautiful progress of the author's ideas but in case any doubt should remain on this head, it may be proper to mention, that Mr Smith's political lectures, comprehending the fundamental principles of his 'Inquiry,' were delivered at Glasgow as early as the year 1752 or 1753, at a period, surely, when there existed no French performance on the subject that could be of much use to him in guiding his researches. In the year 1756, indeed, M Turgot (who is said to have imbibed his first notions concerning the unlimited freedom of commerce from an old merchant, M Gournay) published, in the *Encyclopédie*, an article which sufficiently shows how completely his mind was emancipated from the old prejudices in favour of commercial regulations, but that even then, these opinions were confined to a few speculative men in France, appears from a passage in the *Mémoirs sur la Vie et les Ouvrages de M Turgot*, in which, after a short quotation from the article just mentioned, the author adds 'These ideas were then 'considered as paradoxical, they are since become common, and 'they will one day be adopted universally.'

The Political Discourses of Mr Hume were evidently of greater use to Mr. Smith than any other book that had appeared prior to his lectures. Even Mr Hume's theories, however, though always plausible and ingenious, and in most instances profound and just, involve some fundamental mistakes, and, when compared with Mr. Smith's, afford a striking proof that, in considering a subject so extensive and so complicated, the most penetrating sagacity, if directed only to particular questions, is apt to be led astray by first appearances, and that nothing can guard us effectually against error, but a comprehensive survey of the whole field of discussion, assisted by an accurate and patient analysis of the ideas about which our reasonings are employed. It may be worth while to add, that Mr. Hume's essay 'On the Jealousy of Trade,' with some other of his political discourses, received a very flattering proof of M Turgot's approbation, by his undertaking the task of translating them into the French language.

The evidence I have produced of Mr Smith's originality may be objected to as not perfectly decisive, as it rests entirely on the recollection of those students who attended his first courses of moral philosophy at Glasgow a recollection which, at the distance of forty years, cannot be supposed to be very accurate. There exists, fortunately, a short manuscript, drawn up by Mr Smith in the year 1755, and presented by him to a society of which he was then a member, in which paper a pretty long enumeration is given of certain leading principles, both political and literary, to which he was anxious to establish his exclusive right, in order to prevent the possibility of some rival claims which he thought he had reason to apprehend, and to which his situation as a professor, added to his unreserved communications in private companies, rendered him peculiarly liable. This paper is at present in my possession I think it a valuable document of the progress of Mr Smith's political ideas at a very early period. It is expressed with a good deal of that honest and indignant warmth, which is perhaps unavoidable by a man who is conscious of the purity of his own intentions, when he suspects that advantages have been taken of the frankness of his temper. On such occasions, due allowances are not always made for those plagiarisms, which, however cruel in their effects, do not necessarily imply bad faith in those who are guilty of them for the bulk of mankind, incapable themselves of original thought, are perfectly unable to form a conception of the nature of the injury done to a man of inventive genius by encroaching on a favourite speculation. Many of the most important opinions in 'The Wealth of Nations' are there detailed, but I shall quote only the following sentences. 'Man is generally considered by statesmen and projectors as the material of a sort of political mechanics. Projectors disturb nature in the course of

her operations in human affairs, and it requires no more than to let her alone, and give her fair play in the pursuit of her ends, 'that she may establish her own designs' And in another passage 'Little else is requisite to carry a state to the highest degree of 'opulence from the lowest barbarism, but peace, easy taxes, and 'a tolerable administration of justice, all the rest being brought 'about by the natural course of things All governments which 'thwart this natural course, which force things into another channel, 'or which endeavour to arrest the progress of society at a particular 'point, are unnatural, and to support themselves are obliged to be 'oppressive and tyrannical' 'A great part of the opinions,' he observes, 'enumerated in this paper, is treated of at length in some 'lectures which I have still by me, and which were written by the 'hand of a clerk who left my service six years ago They have all 'of them been the constant subjects of my lectures since I first 'taught Mr Craigie's class, the first winter I spent in Glasgow, 'down to this day, without any considerable variation. They had 'all of them been the subjects of lectures which I read at Edinburgh the winter before I left it, and I can adduce innumerable 'witnesses, both from that place and from this, who will ascertain 'them sufficiently to be mine'

The merit of such a work as Mr Smith's is to be estimated less from the novelty of the principles it contains, than from the reasonings employed to support these principles, and from the scientific manner in which they are unfolded in their proper order and connection Questions of so complicated a nature as occur in political economy, the credit of such opinions belongs of right to the author who first established their solidity, and followed them out to their remote consequences, not to him who, by a fortunate accident, first stumbled on the truth

Besides the principles which Mr Smith considered as more peculiarly his own, his 'Inquiry' exhibits a systematical view of the most important articles of political economy, so as to serve the purpose of an elementary treatise on that very extensive and difficult science The skill and the comprehensiveness of mind displayed in his arrangement, can be judged of by those alone who have compared it with that adopted by his immediate predecessors And perhaps, in point of utility, the labour he has employed in connecting and methodizing their scattered ideas, is not less valuable than the results of his own original speculations, for it is only when digested in a clear and natural order, that truths make their own impressions on the mind, and that erroneous opinions can be combated with success

I do not attempt a separation of the solid and important doctrines of Mr Smith's book from those opinions which appear exceptionable or doubtful There are some of his conclusions

which I would not implicitly subscribe to, more particularly in that chapter, where he treats of the principles of taxation. But I cannot conclude without taking notice of the manly and dignified freedom with which the author uniformly delivers his opinions, and of the superiority which he discovers throughout to all the little passions connected with the factions of the times in which he wrote. Whoever takes the trouble to compare the general tone of his composition with the period of its first publication cannot fail to feel and acknowledge the force of this remark. It is not often that a disinterested zeal for truth has so soon met with its just reward. Philosophers (to use an expression of Lord Bacon's) are 'the servants of posterity,' and most of those who have devoted their talents to the best interest of mankind, have been obliged, like Bacon, to 'bequeath their fame' to a race yet unborn, and to console themselves with the idea of sowing what another generation was to reap.

Infera Daphni pyros, carpent tua poma nepotes

Mr Smith was more fortunate, or rather, in this respect, his fortune was singular. He survived the publication of his work only fifteen years, and yet, during that short period, he had not only the satisfaction of seeing the opposition which it at first excited gradually subdue, but to witness the practical influence of his writings on the commercial policy of his country.

'The great name of Adam Smith rests upon the *Inquiry into the Nature and Causes of the Wealth of Nations*, perhaps the only book which produced an immediate, general and irrevocable change in some of the most important parts of the legislation of all civilized nations. The work of Mr Smith, as it touched those matters, which may be numbered soon, bore visible and palpable fruit. In a few years it began to alter laws and treaties, and has made its way through the convulsions of revolution and conquest to a due ascendant over the minds of men, with far less than the average of those obstructions of prejudice and clamour which ordinarily choke the channel through which truth flows into practice.'

—SIR JAMES MACKINTOSH.

There is not a book of better English to be anywhere found. The language is simple, clear, often homely like the illustrations, not seldom idiomatic, always perfectly adapted to the subject handled. Besides its other perfections, it is one of the most entertaining of books. There is no laying it down after you begin to read. You are drawn on from page to page by the strong current of the arguments, the manly sense of the remarks, the fulness and force of the illustrations, the thickly strewed and happily selected facts.'

—LORD BROUGHAM

CONTENTS.

INTRODUCTION AND PLAN OF THE WORK

PAGE
31

BOOK I

Of the Causes of Improvement in the Productive Powers of Labour, and of the order according to which its produce is naturally distributed among the different ranks of the people

CHAP I Of the Division of Labour	3-10
CHAP II The Principle which occasions the Division of Labour	10 17
CHAP III Division of Labour limited by Extent of the Market	13 17
CHAP IV Origin and Use of Money	17 22
CHAP V Of the Real and Nominal Price of Commodities, or of their Price in Labour and in Money	22 36
CHAP VI Of the Component Parts of the Price of Commodities	36 42
CHAP VII Of the Natural and Market Price of Commodities	42 47
CHAP VIII Of the Wages of Labour	42 46
CHAP IX Of the Profits of Stock	46 56
CHAP X Of Wages and Profit in the different Employments of Labour and Stock.	56 77
PART I Inequalities arising from the Nature of the Employments	77 93
PART II Inequalities occasioned by the Policy of Europe	93 113
CHAP XI Of the Rent of Land	114 115
PART I. Of the Produce of Land which always affords Rent	115 128
PART II. Of the Produce of Land which sometimes does, and sometimes does not, afford Rent	128 139
PART III. Of the Variations in the Proportion between the respective Values of that sort of Produce which always affords Rent, and of that which sometimes does, and sometimes does not	139-141
Digression concerning the Variations in the Value of Silver during the course of the four last Centuries—First Period	141-153
Second Period	153 154
Third Period	154 168
Variations in the Proportion between the respective Values of Gold and Silver	168 173
Grounds of the suspicion that the Value of Silver may still continue to decrease	173
Different Effects of the Progress of Improvement upon three different sorts of rude Produce—First Sort	173 175
Second Sort	175-183
Third Sort	183 192
Conclusion of the Digression concerning the Variations in the Value of Silver	192 196

	PAGE
Effects of the Progress of Improvement upon the real Price of Manufactures	196-200
Conclusion of the Chapter	200-206

BOOK II.—*The Nature, Accumulation, and Employment of Stock*

INTRODUCTION	207-208
CHAP. I Of the Division of Stock	208-214
CHAP. II Of Money as a particular Branch of the general Stock of the Society, or of the expense of maintaining the National Capital	214-253
CHAP. III Of the Accumulation of Capital, or of Productive and Unproductive Labour	253-269
CHAP. IV Of Stock lent at Interest	269-276
CHAP. V Of the different Employments of Capitals	276 290

BOOK III —*The Different Progress of Opulence in Different Nations*

CHAP. I Of the Natural Progress of Opulence	290 294
CHAP. II Discouragement of Agriculture in the ancient States of Europe, after the fall of the Roman Empire	294-303
CHAP. III Of the Rise and Progress of Cities and Towns, after the fall of the Roman Empire	303-312
CHAP. IV How the Commerce of the Towns contributed to the Improvement of the Country	312-323

BOOK IV —*Systems of Political Economy*

INTRODUCTION	323
CHAP. I Of the Principle of the Commercial or Mercantile System	323-342
CHAP. II Of the Restraints upon the Importation of such Goods as can be produced at Home	342-359
CHAP. III Of the extraordinary Restraints upon the Importation of Goods of almost all kinds, from Countries with which the Balance is supposed to be disadvantageous—	
PART I Of the Unreasonableness of those Restraints, even upon Principles of the Commercial System	359 364
Digression concerning Banks of Deposit, particularly concerning that of Amsterdam	364-372
PART II Of the Unreasonableness of those extraordinary Restraints, upon other Principles	372-381
CHAP. IV Of Drawbacks	381-385
CHAP. V Of Bounties	385 400
Digression concerning the Corn Trade and Corn Laws	400-418
CHAP. VI Of Treaties of Commerce	418-428
CHAP. VII Of Colonies—	
PART I. Of the Motives for establishing New Colonies	428-436
PART. II Causes of the prosperity of New Colonies	436-456
PART III Advantages which Europe has derived from the Discovery of America, and from that of a passage to the East Indies by the Cape of Good Hope.	458 502

	PAGE
CHAP VIII Conclusion of the Mercantile System	522-549
CHAP IX Agricultural Systems, or those Systems of Political Economy which represent the Produce of Land as either the sole or the principal Source of the Revenue and Wealth of every Country	550-571
APPENDIX — Account of Herring Fisheries, fitted out in Scotland, amount of their Cargoes and the Revenue on them	578
Account of Foreign Salt imported, and of Scotch Salt delisted duty free, for the Herring Fishery	478
BOOK V — <i>The Revenue of the Sovereign or Commonwealth</i>	574
CHAP I Of the Expenses of the Sovereign or Commonwealth	541
PART I Expense of Defence	541-555
PART II Of the Expense of Justice	555-576
PART III Expense of Public Works and Public Institutions	576-597
ARTICLE I Of the Public Works and Institutions for facilitating the Commerce of Society 1st For facilitating the general Commerce of the Society 2nd For facilitating particular Branches of Commerce	597-605
ARTICLE III Of the Expense of the Institutions for the Education of Youth	605-618
ARTICLE II Of the Expense of the Institutions for the Instruction of People of all Ages	618-642
PART IV Expense of supporting the Dignity of the Sovereign	642-654
CHAP II Sources of the General or Public Revenue of the Society	654
PART I Of the Funds or Sources of Revenue which may particularly belong to the Sovereign or Commonwealth	654-657
PART II Of Taxes	657-661
ARTICLE I Taxes upon Rent, upon the Rent of Land Taxes which are proportioned not to the Rent, but to the Product of Land	661-664
Taxes upon Rent of Houses	664-670
ARTICLE II Taxes upon Profit, or on the Revenue from Stock	670-675
Taxes upon the Profit of particular Employments	675-680
APPENDIX to Articles I and II Taxes on Capital Value of Lands, Houses, and Stock	680-685
ARTICLE III Taxes upon the Wages of Labour	686-688
ARTICLE IV Taxes which, it is intended, should fall indifferently upon every different Species of Revenue	688
Capitation Taxes	688-690
Taxes upon Consumable Commodities	690-723
CHAP III Of Public Debts	723-760

A N I N Q U I R Y

INTO THE NATURE AND CAUSES OF

THE WEALTH OF NATIONS.

INTRODUCTION AND PLAN OF THE WORK

THE annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniencies of life which it annually consumes, and which consist always either in the immediate produce of that labour, or in what is purchased with that produce from other nations According, therefore, as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessaries and conveniencies for which it has occasion

But this proportion must, in every nation, be regulated by two different circumstances , first, by the skill, dexterity, and judgment with which its labour is generally applied , and, secondly, by the proportion between the number of those who are employed in useful labour, and that of those who are not so employed. Whatever be the soil, climate, or extent of territory of any particular nation, the abundance or scantiness of its annual supply must, in that particular situation, depend upon those two circumstances

The abundance or scantiness of this supply, too, seems to depend more upon the former of those two circumstances than upon the latter Among the savage nations of hunters and fishers, every individual who is able to work, is more or less employed in useful labour, and endeavours to provide, as well as he can, the necessaries and conveniencies of life, for himself, or such of his family or tribe as are either too old, or too young, or too infirm to go a hunting and fishing Such nations, however, are so miserably poor, that from mere want, they are frequently reduced, or, at least, think themselves reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts Among civilized and thriving

the same workshop. We can seldom see more, at one time, than those employed in one single branch. Though, in such manufactures, the work may be divided into a greater number of parts, than in those of a more trifling nature, the division is ~~not~~ ^{not} so obvious, and has accordingly been much less observed.

To take an example, therefore, from a very trifling manufacture, but one in which the division of labour has been very often noticed, the trade of the pin maker, a workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour was probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head. To make the head requires two or three distinct operations, to put it on, is a peculiar business, to whiten the pins is another, it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, ^{which} in some manufactures, are all performed by distinct hands, though in others, the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day, that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations.

In every other art and manufacture, the effects of the division of labour are similar to what they are in this very trifling one, though in many of them, the labour can neither be so much subdivided,

nor reduced to so great a simplicity of operation. The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of labour. The separation of different trades and employments from one another, seems to have taken place, in consequence of this advantage. This separation, too, is generally carried furthest in those countries which enjoy the highest degree of industry and improvement, what is the work of one man in a rude state of society, being generally that of several in an improved one. In every improved society, the farmer is generally nothing but a farmer, the manufacturer, nothing but a manufacturer. The labour, too, which is necessary to produce any one complete manufacture, is almost always divided among a great number of hands. How many different trades are employed in each branch of the linen and woollen manufactures, from the growers of the flax and the wool, to the bleachers and smoothers of the linen, or to the dyers and dressers of the cloth! The nature of agriculture, indeed, does not admit of so many subdivisions of labour, nor of so complete a separation of one business from another, as manufactures. It is impossible to separate so entirely the business of the grazier from that of the corn-farmer, as the trade of the carpenter is commonly separated from that of the smith. The spinner is almost always a distinct person from the weaver, but the ploughman, the harrower, the sower of the seed, and the reaper of the corn, are often the same. The occasions for those different sorts of labour returning with the different seasons of the year, it is impossible that one man should be constantly employed in any one of them. This impossibility of making so complete and entire a separation of all the different branches of labour employed in agriculture, is perhaps the reason why the improvement of the productive powers of labour in this art does not always keep pace with their improvement in manufactures. The most opulent nations, indeed, generally excel all their neighbours in agriculture as well as in manufactures, but they are commonly more distinguished by their superiority in the latter than in the former. Their lands are in general better cultivated, and having more labour and expense bestowed on them, produce more in proportion to the extent and natural fertility of the ground. But this superiority of produce is seldom much more than in proportion to the superiority of labour and expense. In agriculture, the labour of the rich country is not always much more productive than that of the poor, or, at least, it is never so much more productive, as it commonly is in manufactures. The corn of the rich country, therefore, will not always, in the same degree of goodness, come cheaper to market than that of the poor. The corn of Poland, in the same degree of goodness, is as cheap as that of France, notwithstanding the superior opulence and improvement of the latter.

labour should soon find out easier and readier methods of performing their own particular work, wherever the nature of it admits of such improvement. A great part of the machines made use of in those manufactures in which labour is most subdivided, were originally the inventions of common workmen, who being each of them employed in some very simple operation, naturally turned their thoughts towards finding out easier and readier methods of performing it. Whoever has been much accustomed to visit such manufactures, must frequently have been shown very pretty machines, which were the inventions of such workmen, in order to facilitate and quicken their own particular part of the work. In the first steam-engines, a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the piston either ascended or descended. One of those boys, who loved to play with his companions, observed that, by tying a string from the handle of the valve which opened this communication, to another part of the machine, the valve would open and shut without his assistance, and leave him at liberty to divert himself with his playfellows. One of the greatest improvements that has been made upon this machine, since it was first invented, was in this manner the discovery of a boy who wanted to save his own labour.

All the improvements in machinery, however, have by no means been the inventions of those who had occasion to use the machines. Many improvements have been made by the ingenuity of the makers of the machines, when to make them became the business of a peculiar trade, and some by that of those who are called philosophers or men of speculation, whose trade it is not to do anything, but to observe everything, and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects. In the progress of society, philosophy or speculation becomes, like every other employment, the principal or sole trade and occupation of a particular class of citizens. Like every other employment too, it is subdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or class of philosophers, and this subdivision of employment in philosophy, as well as in every other business, improves dexterity and saves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is considerably increased by it.

It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well governed society, that universal opulence which extends itself to the lowest ranks of the people. Every workman has a great quantity of his own work to dispose of beyond what he

himself his occasion for, and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a great quantity of theirs. He supplies them abundantly with what they have occasion for, and they accommodate him as amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of the society.

Observe the accommodation of the most common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation. The woollen coat, for example, which covers the day-labourer, as coarse and rough as it may appear, is the produce of the joint-labour of a great multitude of workmen. The shepherd, the sorter of the wool, the wool-comber or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many others, must all join their different arts in order to complete even this homely production. How many merchants and carriers, besides, must have been employed in transporting the materials from some of those workmen to others who often live in a very distant part of the country! how much commerce and navigation in particular, how many ship-builders, sailors, sail-makers, rope-makers, must have been employed in order to bring together the different drugs made use of by the dyer, which often come from the remotest corners of the world! What a variety of labour too is necessary in order to produce the tools of the meanest of those workmen. To say nothing of such complicated machines as the ship of the sailor, the mill of the fuller, or even the loom of the weaver, let us consider only what a variety of labour is requisite in order to form that very simple machine, the shears with which the shepherd clips the wool. The miner, the builder of the furnace for smelting the ore, the feller of the timber, the burner of the charcoal to be made use of in the smelting-house, the brick-maker, the bricklayer, the workmen who attend the furnace, the mill-wright, the forger, the smith, must all of them join their different arts in order to produce them. Were we to examine, in the same manner, all the different parts of his dress and household furniture, the coarse linen shirt which he wears next his skin, the shoes which cover his feet, the bed which he lies on, and all the different parts which compose it, the kitchen grate at which he prepares his victuals, the coals which he makes use of for that purpose, dug from the bowels of the earth, and brought to him perhaps by a long sea and a long land carriage, all the other utensils of his kitchen, all the furniture of his table, the knives and forks, the earthen or pewter plates upon which he serves up and divides his victuals, the different hands employed in

preparing his bread and his beer, the glass window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requisite for preparing that beautiful and happy invention, without which these northern parts of the world could scarce have afforded a very comfortable habitation, together with the tools of all the different workmen employed in producing those different conveniences, if we examine, I say, all these things, and consider what a variety of labour is employed about each of them, we shall be sensible that without the assistance and co-operation of many thousands, the very meanest person in a civilized country could not be provided, even according to what we very falsely imagine, the easy and simple manner in which he is commonly accommodated. Compared, indeed, with the more extravagant luxury of the great, his accommodation must no doubt appear extremely simple and easy, and yet it may be true, perhaps, that the accommodation of an European Prince does not always so much exceed that of an industrious and frugal peasant, as the accommodation of the latter exceeds that of many an African King, the absolute master of the lives and liberties of ten thousand naked savages.

CHAP II.—*The Principle which Occasions the Division of Labour.*—This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature which has in view no such extensive utility, the propensity to truck, barter, and exchange one thing for another.

Whether this propensity be one of those original principles in human nature, of which no further account can be given, or whether, as seems more probable, it be the necessary consequence of the faculties of reason and speech, it belongs not to our present subject to inquire. It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. Two greyhounds, in running down the same hare, have sometimes the appearance of acting in some sort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himself. This, however, is not the effect of any contract, but of the accidental concurrence of their passions in the same object at that particular time. Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours. I am willing to give this for

that. When an animal wants to obtain something either of a man or of another animal, it has no other means of persuasion but to gain the favour of those whose service it requires. A puppy fawns upon its dam, and a spaniel endeavours by a thousand attractions to engage the attention of its master who is at dinner, when it wants to be fed by him. Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society, he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every other race of animals each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer, and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. But though this principle ultimately provides him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old clothes which another bestows upon him he exchanges for other old clothes which suit him better, or for lodging, or for food, or for money, with which he can buy either food, clothes, or lodging, as he has occasion.

As it is by treaty, by barter, and by purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition

which originally gives occasion to the division of labour. In a tribe of hunters or shepherds a particular person makes bows and arrows, for example, with more readiness and dexterity than any other. He frequently exchanges them for cattle or for venison with his companions, and he finds at last that he can in this manner get more cattle and venison, than if he himself went to the field to catch them. From a regard to his own interest, therefore, the making of bows and arrows grows to be his chief business, and he becomes a sort of armourer. Another excels in making the frames and covers of their little huts or movable houses. He is accustomed to be of use in this way to his neighbours, who reward him in the same manner with cattle and with venison, till at last he finds it his interest to dedicate himself entirely to this employment, and to become a sort of house-carpenter. In the same manner a third becomes a smith, or a brazier, a fourth a tanner or dresser of hides or skins, the principal part of the clothing of savages. And thus the certainty of being able to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he may have occasion for, encourages every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may possess for that particular species of business.

The difference of natural talents in different men is, in reality, much less than we are aware of, and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education. When they came into the world, and for the first six or eight years of their existence, they were perhaps very much alike, and neither their parents nor playfellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance. But without the disposition to truck, barter, and exchange, every man must have procured to himself every necessary and conveniency of life. All had the same duties to perform, the same work to do, and there could have been no such difference of employment as could alone give occasion to any great difference of talent. As it is this disposition which forms that difference of talents, so remarkable among men of different professions, so it is this same disposition which renders that difference useful. Many tribes of

animals, acknowledged to be all of the same species, derive from nature a much more remarkable distinction of genius, than what, antecedent to custom and education, appears to take place among men. By nature a philosopher is not in genius and disposition half so different from a street porter, as a mastiff is from a greyhound, or a greyhound from a spaniel, or this last from a shepherd's dog. Those different tribes of animals, however, though all of the same species, are of scarce any use to one another. The strength of the mastiff is not in the least supported either by the swiftness of the greyhound, or by the sagacity of the spaniel, or by the docility of the shepherd's dog. The effects of those different geniuses and talents, for want of the power or disposition to barter and exchange, cannot be brought into a common stock, and do not in the least contribute to the better accommodation and convenience of the species. Each animal is still obliged to support and defend itself, separately and independently, and derives no sort of advantage from that variety of talents with which nature has distinguished its fellows. Among men, on the contrary, the most dissimilar geniuses are of use to one another, the different produces of their respective talents, by the general disposition to truck, barter, and exchange, being brought, as it were, into a common stock, where every man may purchase whatever part of the produce of other men's talents he has occasion for.

CHAP. III.—*Division of Labour limited by Extent of the Market*
—As it is the power of exchanging that gives occasion to the division of labour, so the extent of this division must always be limited by the extent of that power, or, in other words, by the extent of the market. When the market is very small, no person can have any encouragement to dedicate himself entirely to one employment, for want of the power to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such part of the produce of other men's labour as he has occasion for.

There are some sorts of industry, even of the lowest kind, which can be carried on nowhere but in a great town. A porter, for example, can find employment and subsistence in no other place. A village is by much too narrow a sphere for him, even an ordinary market town is scarce large enough to afford him constant occupation. In the lone houses and very small villages which are scattered about in so desert a country as the Highlands of Scotland, every farmer must be butcher, baker, and brewer for his own family. In such situations we can scarce expect to find even a smith, a carpenter, or a mason, within less than twenty

other communication between those two places, therefore, but by land-carriage, as no goods could be transported from the one to the other, except such whose price was very considerable in proportion to their weight, they could carry on but a small part of that commerce which at present subsists between them, and consequently could give but a small part of that encouragement which they at present mutually afford to each other's industry. There could be little or no commerce of any kind between the distant parts of the world. What goods could bear the expense of land-carriage between London and Calcutta? Or if there were any so precious as to be able to support this expense, with what safety could they be transported through the territories of so many barbarous nations? Those two cities, however, at present carry on a very considerable commerce with each other, and by mutually affording a market, give a good deal of encouragement to each other's industry.

Since such therefore are the advantages of water-carriage, it is natural that the first improvements of art and industry should be made where this convenience opens the whole world for a market to the produce of every sort of labour, and that they should always be much later in extending themselves into the inland parts of the country. The inland parts of the country can for a long time have no other market for the greater part of their goods, but the country which lies round about them, and separates them from the sea-coast, and the great navigable rivers. The extent of their market therefore must for a long time be in proportion to the riches and populousness of that country, and consequently their improvement must always be posterior to the improvement of that country. In our North American colonies the plantations have constantly followed either the sea coast or the banks of the navigable rivers, and have scarce anywhere extended themselves to any considerable distance from both.

The nations that, according to the best authenticated history, appear to have been first civilized, were those that dwelt round the coast of the Mediterranean Sea. That sea, by far the greatest inlet that is known in the world, having no tides, nor consequently any waves except such as are caused by the wind only, was, by the smoothness of its surface, as well as by the multitude of its islands, and the proximity of its neighbouring shores, extremely favourable to the infant navigation of the world, when, from their ignorance of the compass, men were afraid to quit the view of the coast, and from the imperfection of the art of ship-building, to abandon themselves to the boisterous waves of the ocean. To pass beyond the pillars of Hercules, that is, to sail out of the Straits of Gibraltar, was, in the ancient world, long considered as a most wonderful and dangerous exploit of navigation. It was

late before even the Phoenicians and Carthaginians, the most skilful navigators and shipbuilders of those old times, attempted it, and they were for a long time the only nations that did attempt it

Of all the countries on the coast of the Mediterranean sea, Egypt seems to have been the first in which either agriculture or manufactures were cultivated and improved to any considerable degree. Upper Egypt extends itself nowhere above a few miles from the Nile, and in Lower Egypt that great river breaks itself into many different canals, which, with the assistance of a little art, seem to have afforded a communication by water carriage, not only between all the great towns, but between all the considerable villages, and even to many farm-houses in the country, nearly in the same manner as the Rhine and the Maese do in Holland at present. The extent and easiness of this inland navigation was probably one of the principal causes of the early improvement of Egypt.

The improvements in agriculture and manufactures seem likewise to have been of very great antiquity in the provinces of Bengal in the East Indies, and in some of the eastern provinces of China; though the great extent of this antiquity is not authenticated by any histories of whose authority we, in this part of the world, are well assured. In Bengal the Ganges and several other great rivers form a great number of navigable canals, in the same manner as the Nile does in Egypt. In the Eastern provinces of China too several great rivers form, by their different branches, a multitude of canals, and by communicating with one another afford an inland navigation much more extensive than that either of the Nile or the Ganges, or perhaps than both of them put together. It is remarkable that neither the ancient Egyptians, nor the Indians, nor the Chinese encouraged foreign commerce, but seem all to have derived their opulence from this inland navigation.

All the inland parts of Africa, and all that part of Asia which lies any considerable way north of the Euxine and Caspian seas, the ancient Scythia, the modern Tartary and Sibera, seem in all ages of the world to have been in the same barbarous and uncivilized state in which we find them at present. The sea of Tartary is the frozen ocean, which admits of no navigation, and though some of the greatest rivers in the world run through that country they are at too great a distance from one another to carry commerce and communication through the greater part of it. There are in Africa none of those great inlets, such as the Baltic and Adriatic seas in Europe, the Mediterranean and Euxine seas in both Europe and Asia, and the gulfs of Arabia, Persia, India, Bengal, and Siam, in Asia, to carry maritime commerce into the interior parts of that great continent, and the great rivers of Africa are at too great a distance from one another to give occasion to any considerable inland navigation. The commerce, besides, which any nation can

carry on by means of a river which does not break itself into any great number of branches or canals, and which runs into another territory before it reaches the sea, can never be very considerable; because it is always in the power of the nations who possess that other territory to obstruct the communication between the upper country and the sea. The navigation of the Danube is of very little use to the different states of Bavaria, Austria and Hungary, in comparison of what it would be if any of them possessed the whole of its course till it falls into the Black Sea.

CHAP IV—*Of the Origin and Use of Money*—When the division of labour has been once thoroughly established, it is but a very small part of a man's wants which the produce of his own labour can supply. He supplies the far greater part of them by exchanging that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he has occasion for. Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society.

But, when the division of labour first began to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations. One man, we shall suppose, has more of a certain commodity than he himself has occasion for, while another has less. The former consequently would be glad to dispose of, and the latter to purchase, a part of this superfluity. But if this latter should chance to have nothing that the former stands in need of, no exchange can be made between them. The butcher has more meat in his shop than he himself can consume, and the brewer and the baker would each of them be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. No exchange, can, in this case, be made between them. He cannot be their merchant, nor they his customers, and they are all of them thus mutually less serviceable to one another. In order to avoid the inconveniency of such situations, every prudent man in every period of society, after the first establishment of the division of labour, must naturally have endeavoured to manage his affairs in such a manner as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity, such as few people would be likely to refuse in exchange for the produce of their industry.

Many different commodities, it is probable, were successively both thought of and employed for this purpose. In the rude ages

of society, cattle are said to have been the common instrument of commerce, and, though they must have been a most inconvenient one, yet in old times we find things were frequently valued according to the number of cattle which had been given in exchange for them. The armour of Diomedes, says Homer, cost only nine oxen, but that of Glaucus cost an hundred oxen. Salt is said to be the common instrument of commerce and exchanges in Abyssinia; a species of shells in some part of the coast of India, dried cod at Newfoundland, tobacco in Virginia, sugar in some of our West Indian colonies, hides or dressed leather in some other countries, and there is at this day a village in Scotland where it is not uncommon, I am told, for a workman to carry nails instead of money to the baker's shop or the ale house.

In all countries, however, men seem at last to have been determined by irresistible reasons to give the preference, for this employment, to metals above every other commodity. Metals can not only be kept with as little loss as any other commodity, scarce anything being less perishable than they are, but they can likewise, without any loss, be divided into any number of parts, as by fusion those parts can easily be re united again a quality which no other equally durable commodities possess, and which more than any other quality renders them fit to be the instruments of commerce and circulation. The man who wanted to buy salt, for example, and had nothing but cattle to give in exchange for it, must have been obliged to buy salt to the value of a whole ox, or a whole sheep at a time. He could seldom buy less than this, because what he was to give for it could seldom be divided without loss, and if he had a mind to buy more, he must, for the same reasons, have been obliged to buy double or triple the quantity, the value, to wit, of two or three oxen, or of two or three sheep. If, on the contrary, instead of sheep or oxen, he had metals to give in exchange for it, he could easily proportion the quantity of the metal to the precise quantity of the commodity which he had immediate occasion for.

Different metals have been made use of by different nations for this purpose. Iron was the common instrument of commerce among the ancient Spartans, copper among the ancient Romans, and gold and silver among all rich and commercial nations.

Those metals seem originally to have been made use of for this purpose in rude bars, without any stamp or coinage. Thus we are told by Pliny (Plin. Hist. Nat, lib 33, cap 3), upon the authority of Timæus, an ancient historian, that, till the time of Servius Tullius, the Romans had no coined money, but made use of un-stamped bars of copper, to purchase whatever they had occasion for. These rude bars, therefore, performed at this time the function

The use of metals in this rude state was attended with two very considerable inconveniences, first, with the trouble of weighing, and, secondly, with that of assaying them. In the precious metals, where a small difference in the quantity makes a great difference in the value, even the business of weighing, with proper exactness, requires at least very accurate weights and scales. The weighing of gold in particular is an operation of some nicety. In the coarser metals, indeed, where a small error would be of little consequence, less accuracy would no doubt, be necessary. Yet we should find it excessively troublesome, if every time a poor man had occasion either to buy or sell a farthing's worth of goods, he was obliged to weigh the farthing. The operation of assaying is still more difficult, still more tedious, and, unless a part of the metal is fairly melted in the crucible, with proper dissolvents, any conclusion that can be drawn from it, is extremely uncertain. Before the institution of coined money, unless, they went through this tedious and difficult operation, people must have always been liable to the grossest frauds and impositions, and instead of a pound weight of pure silver, or pure copper, might receive in exchange for their goods an adulterated composition of the coarsest and cheapest materials, which had, however, in their outward appearance been made to resemble those metals. To prevent such abuses, to facilitate exchanges, and thereby to encourage all sorts of industry and commerce, it has been found necessary, in all countries that have made any considerable advances towards improvement, to affix a public stamp upon certain quantities of such particular metals as were in those countries commonly made use of to purchase goods. Hence the origin of coined money, and of those public offices called mints, institutions exactly of the same nature with those of the aulnagers and stampmasters of woollen and linen cloth. All of them are equally meant to ascertain, by means of a public stamp, the quantity and uniform goodness of those different commodities when brought to market.

The first public stamps of this kind that were affixed to the current metals, seem in many cases, to have been intended to ascertain, what it was both most difficult and most important to ascertain, the goodness or fineness of the metal, and to have resembled the sterling mark which is at present affixed to plate and bars of silver, or the Spanish mark which is sometimes affixed to ingots of gold, and which being struck only upon one side of the piece, and not covering the whole surface, ascertains the fineness, but not the weight of the metal. Abraham weighs to Ephron the four hundred shekels of silver which he had agreed to pay for the field of Machpelah. They are said however to be the current money of the merchant, and yet are received by weight and not by 'ale, in the same manner as ingots of gold and bars of silver are at

present. The revenues of the ancient Saxon kings of England are said to have been paid, not in money, but in kind, that is, in victuals and provisions of all sorts. William the Conqueror introduced the custom of paying them in money. This money was, for a long time, received at the exchequer by weight and not by tale.

The inconvenience and difficulty of weighing those metals with exactness gave occasion to the institution of coins, of which the stamp, covering entirely both sides of the piece and sometimes the edges too, was supposed to ascertain not only the fineness, but the weight of the metal. Such coins therefore were received by tale as at present, without the trouble of weighing.

The denominations of those coins seem originally to have expressed the weight or quantity of metal contained in them. In the time of Servius Tullius, who first coined money at Rome, the Roman As or Pondo contained a Roman pound of good copper. It was divided in the same manner as our Troyes pound, into twelve ounces, each of which contained a real ounce of good copper. The English pound sterling in the time of Edward I contained a pound, Tower weight, of silver, of a known fineness. The Tower pound seems to have been something more than the Roman pound, and something less than the Troyes pound. This last was not introduced into the mint of England till the 18th of Henry VIII. The French livre contained in the time of Charlemagne a pound, Troyes weight, of silver of a known fineness. The fair of Troyes in Champagne was at that time frequented by all the nations of Europe, and the weights and measures of so famous a market were generally known and esteemed. The Scots money pound contained from the time of Alexander I to that of Robert Bruce, a pound of silver of the same weight and fineness with the English pound sterling. English, French and Scots pennies too, contained all of them originally a real pennyweight of silver, the twentieth part of an ounce, and the two-hundred-and-fortieth part of a pound. The shilling too seems originally to have been the denomination of a weight. *When wheat is at twelve shillings the quarter, says an ancient statute of Henry III, then wastel bread of a farthing shall weigh seven shillings and four pence.* The proportion, however, between the shilling and either the penny on the one hand, or the pound on the other, seems not to have been so constant and uniform as that between the penny and the pound. During the first race of the kings of France, the French sou or shilling appears upon different occasions to have contained five, twelve, twenty, and forty pennies. Among the ancient Saxons, a shilling appears at one time to have contained only five pennies, and it is not improbable that it may have been as variable among them as among their neighbours, the ancient Franks. From the

time of Charlemagne among the French, and from that of William the Conqueror among the English, the proportion between the pound the shilling, and the penny, seems to have been uniformly the same as at present, though the value of each has been very different. For in every country of the world, I believe, the avarice and injustice of princes and sovereign states, abusing the confidence of their subjects, have by degrees diminished the real quantity of metal which had been originally contained in their coins. The Roman As, in the latter ages of the Republic, was reduced to the twenty-fourth part of its original value, and, instead of weighing a pound came to weigh only half an ounce. The English pound and penny contain at present about a third only, the Scots pound and penny about a thirty-sixth, and the French pound and penny about a fifty-sixth part of their original value. By means of those operations the princes and sovereign states which performed them were enabled in appearance, to pay their debts and to fulfil their engagements with a smaller quantity of silver than would otherwise have been requisite. It was indeed in appearance only, for their creditors were really defrauded of a part of what was due to them. All other debtors in the state were allowed the same privilege, and might pay with the same nominal sum of the new and debased coin whatever they had borrowed in the old. Such operations, therefore, have always proved favourable to the debtor, and ruinous to the creditor, and have sometimes produced a greater and more universal revolution in the fortunes of private persons than could have been occasioned by a very great public calamity.

It is in this manner that money has become, in all civilized nations, the universal instrument of commerce, by the intervention of which goods of all kinds are bought and sold, or exchanged for one another.

What are the rules which men naturally observe in exchanging them either for money or for one another, I shall now examine. These rules determine what is called the relative or exchangeable value of goods.

The word VALUE, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use,' the other, 'value in exchange.' The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water, but it will purchase scarce anything, scarce anything can be had in exchange for it. A diamond, on the contrary, has scarce any value in use, but a very great quantity of goods may frequently be had in exchange for it.

In order to investigate the principles which regulate the exchangeable commodities, I shall endeavour to show —

I. What is the real measure of this exchangeable value; or, wherein consists the real price of all commodities. II. What are the different parts of which this real price is composed or made up. III. And what are the different circumstances which sometimes raise some or all of these different parts of price above, and sometimes sink them below, their natural or ordinary rate, or, what are the causes which sometimes hinder the market price that is, the actual price of commodities, from coinciding exactly with what may be called their natural price.

I shall endeavour to explain, as fully and distinctly as I can, those three subjects in the three following chapters, for which I must very earnestly entreat both the patience and attention of the reader, his patience in order to examine a detail which may perhaps in some places appear unnecessarily tedious, and his attention in order to understand what may perhaps after the fullest explanation which I am capable of giving it, appear still in some degree obscure. I am always willing to run some hazard of being tedious in order to be sure that I am perspicuous, and after taking the utmost pains that I can to be perspicuous, some obscurity may still appear to remain upon a subject in its own nature extremely abstracted.

CHAP. V.—*Of the real and nominal Price of Commodities, or of their Price in Labour, and their Price in Money.*—Every man is rich or poor according to the degree in which he can afford to enjoy the necessities, conveniences, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man's own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command or which he can afford to purchase. The value of any commodity to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour is the real measure of the exchangeable value of all commodities.

The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What everything is really worth to the man who has acquired it, and who wants to dispose of it or exchange it for something else, is the toil and trouble which it can save to himself and which it can impose upon other people. What is bought with money or with goods is purchased by labour as much as what we require by the toil of our own body. That money or those goods indeed save

us this toil. They contain the value of a certain quantity of labour, which we exchange for what is supposed at the time to contain the value of an equal quantity. Labour was the first price, the original purchase money that was paid for all things. It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased, and its value, to those who possess it, and who want to exchange it for new productions, is precisely equal to the quantity of labour which it can enable them to purchase.

Wealth, as Mr Hobbes says, is power. But the person who either acquires, or succeeds to a great fortune, does not necessarily acquire or succeed to any political power, either civil or military. His fortune may, perhaps, afford him the means of acquiring both, but the mere possession of that fortune does not necessarily convey to him either. The power which that possession immediately and directly conveys to him, is the power of purchasing, a certain command over all the labour, or over all the produce of labour which is then in the market. His fortune is greater or less precisely in proportion to the extent of this power, or to the quantity of other men's labour, or, what is the same thing, of the produce of other men's labour which it enables him to purchase or command. The exchangeable value of everything must be equal to the extent of this power which it will convey to its owner.

But though labour be the real measure of the exchangeable value of all commodities, it is not that by which their value is commonly estimated. It is often difficult to ascertain the proportion between two different quantities of labour. The time spent in two different sorts of work will not always alone determine this proportion. The different degrees of hardship endured, and of ingenuity exercised must likewise be taken into account. There may be more labour in an hour's hard work than in two hours' easy business, or in an hour's application to a trade which it cost ten years' labour to learn, than in a month's industry at an ordinary and obvious employment. But it is not easy to find any accurate measure either of hardship or ingenuity. In exchanging indeed the different productions of different sorts of labour for one another, some allowance is commonly made for both. It is adjusted, not by any accurate measure, but by the higgling and the bargaining of the market, according to that sort of rough equality which, though not exact, is sufficient for carrying on the business of common life.

Every commodity, besides, is more frequently exchanged for, and thereby compared with, other commodities than with labour. It is more natural therefore to estimate its changeable value by the quantity of some other commodity, than by that of the labour which it can purchase. The greater part of people too understand better what is meant by a quantity of a particular commodity, than

by a quantity of labour. The one is a plain and palpable object; the other an abstract notion, which, though it can be made sufficiently intelligible, is not altogether so natural and obvious.

But, when barter ceases, and money has become the common instrument of commerce, every particular commodity is more frequently exchanged for money than for any other commodity. The butcher seldom carries his beef or his mutton to the baker or the brewer, in order to exchange them for bread or for beer; but he carries them to the market, where he exchanges them for money, and afterwards exchanges that money for bread and for beer. The quantity of money which he gets for them regulates too the quantity of bread and beer which he can afterwards purchase. It is more natural and obvious to him, therefore, to estimate their value by the quantity of money, the commodity for which he immediately exchanges them, than by that of bread and beer, the commodities for which he can exchange them only by the intervention of another commodity, and rather to say that his butcher's meat is worth threepence or fourpence a pound, than that it is worth three or four pounds of bread, or three or four quarts of small beer. Hence it comes to pass, that the exchangeable value of every commodity is more frequently estimated by the quantity of money, than by the quantity of labour or other commodity which can be had in exchange for it.

Gold and silver, however, like every other commodity, vary in their value, are sometimes cheaper and sometimes dearer, sometimes of easier and sometimes of more difficult purchase. The quantity of labour which any particular quantity of them can purchase or command, or the quantity of other goods which it will exchange for, depends always upon the fertility or barrenness of the mines which happen to be known about the time when such exchanges are made. The discovery of the abundant mines of America reduced, in the sixteenth century, the value of gold and silver in Europe to about a third of what it had been before. As it costs less labour to bring those metals from the mine to the market, so when they were brought thither they could purchase or command less labour, and this revolution in their value, though perhaps the greatest, is by no means the only one of which history gives some account. But as a measure of quantity, such as the natural foot, fathom, or handful, which is continually varying in its own quantity, can never be an accurate measure of the quantity of other things, so a commodity, which is itself continually varying in its own value, can never be an accurate measure of the value of other commodities. Equal quantities of labour, at all times and places, may be said to be of equal value to the labourer. In his ordinary state of health, strength, and spirits, in the ordinary degree of his skill and dexterity, he must always lay down the same portion of

his ease, his liberty, and his happiness The price which he pays must always be the same, whatever may be the quantity of goods which he receives in return for it Of these indeed he may sometimes purchase a greater and sometimes a smaller quantity, but it is their value which varies, not that of the labour which purchases them. At all times and places that is dear which it is difficult to come at, or which it costs much labour to acquire, and that cheap which is to be had easily, or with very little labour Labour alone therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared It is their real price, money is their nominal price only

But though equal quantities of labour are always of equal value to the labourer, yet to the person who employs him they appear sometimes to be of greater and sometimes of smaller value He purchases them sometimes with a greater and sometimes with a smaller quantity of goods, and to him the price of labour seems to vary like that of all other things It appears to him dear in the one case, and cheap in the other It is the goods which are cheap in the one case, and dear in the other

In this popular sense therefore labour, like commodities, may be said to have a real and a nominal price. Its real price may be said to consist in the quantity of the necessaries and conveniences of life which are given for it, its nominal price, in the quantity of money The labourer is rich or poor, is well or ill rewarded, in proportion to the real not to the nominal price of his labour

The distinction between the real and the nominal price of commodities and labour, is not a matter of mere speculation, but may sometimes be of considerable use in practice The same real price is always at the same value, but on account of the variations in the value of gold and silver, the same nominal price is sometimes of very different values When a landed estate, therefore, is sold with a reservation of a perpetual rent, if it is intended that this rent should always be of the same value, it is of importance to the family in whose favour it is reserved, that it should not consist in a particular sum of money Its value would in this case be liable to variations of two different kinds, first, to those which arise from the different quantities of gold and silver which are contained at different times in coin of the same denomination; and, secondly, to those which arise from the different values of equal quantities of gold and silver at different times

Princes and sovereign states have frequently fancied that they had a temporary interest to diminish the quantity of pure metal contained in their coins, but they seldom have fancied that they had any to augment it. The quantity of metal contained in the coins, I believe of all nations, has, accordingly, been almost con-

tinually diminishing, and hardly ever augmenting. Such variations tend almost always to diminish the value of a money rent

The discovery of the mines of America diminished the value of gold and silver in Europe. This diminution, it is commonly supposed, though I apprehend without any certain proof, is still going on gradually, and is likely to continue to do so for a long time. Upon this supposition, therefore, such variations are more likely to diminish, than to augment the value of a money rent, even though it should be stipulated to be paid, not in such a quantity of coined money of such a denomination (in so many pounds sterling, for example), but in so many ounces either of pure silver, or of silver of a certain standard.

The rents which have been reserved in corn have preserved their value much better than those which have been reserved in money, even where the denomination of the coin has not been altered. By the 18th of Elizabeth it was enacted, 'that a third of the rent of all college leases should be reserved in corn, to be paid, either in kind, or according to the current prices at the nearest public market. The money arising from this corn rent, though originally but a third of the whole, is in the present times, according to Doctor Blackstone, commonly near double of what arises from the other two-thirds. The old money rents of colleges must, according to this account, have sunk almost to a fourth part of their ancient value, or are worth little more than a fourth part of the corn which they were formerly worth. But since the reign of Philip and Mary the denomination of the English coin has undergone little or no alteration, and the same number of pounds, shillings and pence have contained very nearly the same quantity of pure silver. This degradation, therefore, in the value of the money rents of colleges, has arisen altogether from the degradation in the value of silver.'

When the degradation in the value of silver is combined with the diminution of the quantity of it contained in the coin of the same denomination, the loss is frequently still greater. In Scotland, where the denomination of the coin has undergone much greater alterations than in England, and in France, where it has undergone still greater alterations than it ever did in Scotland, some ancient rents, originally of considerable value, have thus been reduced almost to nothing. Equal quantities of labour will, at distant times, be purchased more nearly with equal quantities of corn, the subsistence of the labourer, than with equal quantities of gold and silver, or perhaps of any other commodity. Equal quantities of corn, therefore, will, at distant times, be more nearly of the same real value, or enable the possessor to purchase or command more nearly the same quantity of the labour of other people. They will do this, I say, more nearly than equal quantities

ties of almost any other commodity, for even equal quantities of corn will not do it exactly. The subsistence of the labourer, or the real price of labour, as I shall endeavour to show hereafter, is very different upon different occasions, more liberal in a society advancing to opulence, than in one that is standing still, and in one that is standing still, than in one that is going backwards. Every other commodity, however, will at any particular time purchase a greater or smaller quantity of labour in proportion to the quantity of subsistence which it can purchase at that time. A rent therefore reserved in corn is liable only to the variations in the quantity of labour which a certain quantity of corn can purchase. But a rent reserved in any other commodity is liable, not only to the variations in the quantity of labour which any quantity of corn can purchase, but to the variations in the quantity of corn which can be purchased by any quantity of that commodity.

Though the real value of a corn rent, it is to be observed, however, varies much less from century to century than that of a money rent, it varies much more from year to year. The money price of labour, as I shall endeavour to show hereafter, does not fluctuate from year to year with the money price of corn, but seems to be everywhere accommodated, not to the temporary or occasional, but to the average or ordinary price of that necessary of life. The average or ordinary price of corn again is regulated, as I shall likewise endeavour to show hereafter, by the value of silver, by the richness or barrenness of the mines which supply the market with that metal, or by the quantity of labour which must be employed, and consequently of corn which must be consumed, in order to bring any particular quantity of silver from the mine to the market. But the value of silver, though it sometimes varies greatly from century to century, seldom varies much from year to year, but frequently continues the same, or very nearly the same, for half a century or a century together. The ordinary or average money price of corn, therefore, may, during so long a period, continue the same or very nearly the same, too, and along with it the money price of labour, provided, at least, the society continues, in other respects, in the same or nearly in the same condition. In the mean time the temporary and occasional price of corn may frequently be double, one year, of what it had been the year before, or fluctuate, for example, from five-and-twenty to fifty shillings the quarter. But when corn is at the latter price, not only the nominal, but the real value of a corn rent will be double of what it is when at the former, or will command double the quantity either of labour or of the greater part of other commodities, the money price of labour, and along with it that of most other things, continuing the same during these fluctuations.

Labour, therefore, it appears evidently, is the only universal, as

though at distant place, there is much profit, and a person
the real and the money price of 141 dollars, and it is evident that
who carries goods from one to the other, has it in his power to sell
but their money price, or in distinction, but it is the advantage of
silver for which he buys them, and that is, which is better to
sell them. Half an ounce of silver at Canton is twice that of
mand a greater quantity both of time and of the money, and the
conveniences of life, than an ounce at London. A commandery,
therefore, which sells for half an ounce of silver at Canton, may
there be really dearer, or more real importance in the man who
possesses it there, than a commodity which sells for an ounce at
London is to the man who possesses it at London. If a London
merchant, however, can buy at Canton for half an ounce of silver,
a commodity which he can afterwards sell at London for a pound,
he gains a hundred per cent by the bargain, just as much as if an
ounce of silver was at London exactly of the value it has at
Canton. It is of no importance to him that half an ounce of
silver at Canton would have given the command of more labour
and of a greater quantity of the necessaries and conveniences of
life than an ounce can do at London. An ounce at London will

always give him the command of double the quantity of all these, which half an ounce could have done there, and this is precisely what he wants.

As it is the nominal or money price of goods, therefore, which finally determines the prudence or imprudence of all purchases and sales, and thereby regulates almost the whole business of common life in which price is concerned, we cannot wonder that it should have been so much more attended to than the real price.

In such a work as this, however, it may sometimes be of use to compare the different real values of a particular commodity at different times and places, or the different degrees of power over the labour of other people which it may, upon different occasions, have given to those who possessed it. We must in this case compare, not so much the different quantities of silver for which it was commonly sold, as the different quantities of labour which those different quantities of silver could have purchased. But the current prices of labour at distant times and places can scarce ever be known with any degree of exactness. Those of corn, though they have in few places been regularly recorded, are in general better known and have been more frequently taken notice of by historians and other writers. We must generally, therefore, content ourselves with them, not as being always exactly in the same proportion as the current prices of labour, but as being the nearest approximation which can be had to that proportion. I shall have occasion to make several comparisons of this kind.

In the progress of industry, commercial nations have found it convenient to coin several different metals into money, gold for larger payments, silver for purchases of moderate value, and copper, or some other coarse metal, for those of still smaller consideration. They have always, however, considered one of those metals as more peculiarly the measure of value than any of the other two, and this preference seems generally to have been given to the metal which they happened first to make use of as the instrument of commerce. Having once began to use it as their standard, which they must have done when they had no other money, they have generally continued to do so even when the necessity was not the same.

The Romans are said to have had nothing but copper money till within five years before the first Punic war (Pliny, lib. xxxiii. c. 3), when they first began to coin silver. Copper, therefore, appears to have continued always the measure of value in that republic. At Rome all accounts appear to have been kept, and the value of all estates computed, either in *Asses* or in *Sesterius*. The *As* was always the denomination of a copper coin. The word *Sesterius* signifies two *Asses* and a half. The *Sesterius* was originally a silver coin, its value was estimated in copper.

almost all obligations for debt being expressed in silver money, the greater part of payments could in either case be made with the same quantity of silver money as before, but would require very different quantities of gold money, a greater in the one case, and a smaller in the other. Silver would appear to be more invariable in its value than gold. Silver would appear to measure the value of gold, and gold would not appear to measure the value of silver. The value of gold would seem to depend upon the quantity of silver which it would exchange for, and the value of silver would not seem to depend upon the quantity of gold which it would exchange for. This difference, however, would be altogether owing to the custom of keeping accounts, and of expressing the amount of all great and small sums rather in silver than in gold money. One of Mr. Drummond's notes for five-and-twenty or fifty guineas would, after an alteration of this kind, be still payable with five-and-twenty or fifty guineas in the same manner as before. It would, after such an alteration, be payable with the same quantity of gold as before, but with very different quantities of silver. In the payment of such a note, gold would appear to be more invariable in its value than silver. Gold would appear to measure the value of silver, and silver would not appear to measure the value of gold. If the keeping accounts, of expressing promissory notes and other obligations for money in this manner, should ever become general, gold, and not silver, would be considered as the metal which was peculiarly the standard or measure of value.

During the continuance of any one regulated proportion between the respective values of the different metals in coin, the value of the most precious metal regulates the value of the whole coin. Twelve copper pence contain $\frac{1}{12}$ lb, avoirdupois, of copper, of not the best quality, which, before it is coined, is seldom worth 7d in silver. But as by the regulation 12 such pence are ordered to exchange for a shilling, they are in the market considered as worth a shilling, and a shilling can at any time be had for them. Even before the late reformation of the gold coin of Great Britain, the gold, that part of it at least which circulated in London and its neighbourhood, was in general less degraded below its standard weight than the greater part of the silver. One-and-twenty worn and defaced shillings, however, were considered as equivalent to a guinea, which, perhaps, indeed, was worn and defaced too, but seldom so much so. The late regulations have brought the gold coin as near perhaps to its standard weight as it is possible to bring the current coin of any nation, and the order, to receive no gold at the public offices but by weight, is likely to preserve it so, as long as that order is enforced. The silver coin still continues in the same worn and degraded state as

before the reformation of the gold coin. In the market, however, one-and-twenty shillings of the degraded silver coin, are still considered as worth a guinea of this excellent gold coin.

The reformation of the gold coin has evidently raised the value of the silver coin which can be exchanged for it.

In the English mint a pound weight of gold is coined into forty-four guineas and a-half, which, at one-and-twenty shillings the guinea, is equal to £45 14s 6d. An ounce of such gold coin, therefore, is worth £3 17s 10½d in silver. In England no duty or seignorage is paid upon the coinage, and he who carries a pound weight or an ounce weight of standard gold bullion to the mint, gets back a pound weight or an ounce weight of gold in coin without any deduction. Three pounds seventeen shillings and tenpence halfpenny an ounce, therefore, is said to be the mint price of gold in England, or the quantity of gold coin which the mint gives in return for standard gold bullion. Before the reformation of the gold coin, the price of standard gold bullion in the market had for many years been upwards of £3 18s, sometimes £3 19s, and very frequently £4 an ounce, that sum, it is probable, in the worn and degraded gold coin, seldom containing more than an ounce of standard gold. Since the reformation of the gold coin, the market price of standard gold bullion seldom exceeds £3 17s 7d an ounce. Before the reformation of the gold coin, the market price was always more or less above the mint price. Since that reformation, the market price has been constantly below the mint price. But that market price is the same whether it is paid in gold or in silver coin. The late reformation of the gold coin, therefore, has raised not only the value of the gold coin, but likewise that of the silver coin in proportion to gold bullion, and probably too in proportion to all other commodities, though the price of the greater part of other commodities being influenced by so many other causes, the rise in the value either of gold or silver coin in proportion to them, may not be so distinct and sensible.

In the English mint a pound weight of standard silver bullion is coined into sixty-two shillings, containing, in the same manner, a pound weight of standard silver. Five shillings and twopence an ounce, therefore, is said to be the mint price of silver in England, or the quantity of silver coin which the mint gives in return for standard silver bullion. Before the reformation of the gold coin, the market price of standard silver bullion was, upon different occasions, 5s 4d, 5s 5d, 5s 6d, 5s 7d, and very often 5s 8d an ounce. Five shillings and sevenpence, however, seems to have been the most common price. Since the reformation of the gold coin, the market price of standard silver bullion has fallen occasionally to 5s 3d, 5s 4d, and 5s 5d an ounce, which

last price it has scarce ever exceeded Though the market price of silver bullion has fallen considerably since the reformation of the gold coin, it has not fallen so low as the mint price

In the proportion between the different metals in the English coin, as copper is rated very much above its real value, so silver is rated somewhat below it. In the market of Europe, in the French coin and in the Dutch coin, an ounce of fine gold exchanges for about fourteen ounces of fine silver. In the English coin, it exchanges for about fifteen ounces, that is, for more silver than it is worth according to the common estimation of Europe. But as the price of copper in bars is not, even in England, raised by the high price of copper in English coin, so the price of silver in bullion is not sunk by the low rate of silver in English coin. Silver in bullion still preserves its proper proportion to gold, for the same reason that copper in bars preserves its proper proportion to silver.

Upon the reformation of the silver coin in the reign of William III the price of silver bullion still continued to be somewhat above the mint price. Mr Locke imputed this high price to the permission of exporting silver bullion, and to the prohibition of exporting silver coin. This permission of exporting, he said, rendered the demand for silver bullion greater than the demand for silver coin. But the number of people who want silver coin, for the common uses of buying and selling at home is surely much greater than that of those who want silver bullion either for the use of exportation or for any other use. There subsists at present a like permission of exporting gold bullion, and a like prohibition of exporting gold coin, and yet the price of gold bullion has fallen below the mint price. But in the English coin silver was then, in the same manner as now, under-rated in proportion to gold, and the gold coin (which at that time too was not supposed to require any reformation) regulated then, as well as now, the real value of the whole coin. As the reformation of the silver coin did not then reduce the price of silver bullion to the mint price, it is not very probable that a like reformation will do so now.

Were the silver coin brought back as near to its standard weight as the gold, a guinea, it is probable, would, according to the present proportion, exchange for more silver in coin than it would purchase in bullion. The silver containing its full standard weight, there would in this case be a profit in melting it down, in order, first, to sell the bullion for gold coin, and afterwards to exchange this gold coin for silver coin to be melted down in the same manner. Alteration in the present proportion seems the only method of preventing this inconveniency.

The inconveniency perhaps would be less if silver was rated in

the coin as much above its proper proportion to gold as it is at present rated below it, provided it was at the same time enacted that silver should not be a legal tender for more than the change of a guinea, in the same manner as copper is not a legal tender for more than the change of a shilling. No creditor could in this case be cheated in consequence of the high valuation of silver in coin, as no creditor can at present be cheated in consequence of the high valuation of copper. The bankers only would suffer by this regulation. When a run comes upon them they sometimes endeavour to gain time by plying in sixpences, and they would be precluded by this regulation from this discreditable method of evading immediate payment. They would be obliged in consequence to keep at all times in their coffers a greater quantity of cash than at present, and though this might no doubt be a considerable inconvenience to them, it would at the same time be a considerable security to their creditors.

Three pounds seventeen shillings and tenpence halfpenny (the mint price of gold) certainly does not contain, even in our present excellent gold coin, more than an ounce of standard gold, and it may be thought, therefore, should not purchase more standard bullion. But gold in coin is more convenient than gold in bullion, and though, in England, the coinage is free yet the gold which is carried in bullion to the mint, can seldom be returned in coin to the owner till after a delay of several weeks. In the present hurry of the mint, it could not be returned till after the delay of several months. This delay is equivalent to a small duty, and renders gold in coin somewhat more valuable than an equal quantity of gold in bullion. If in the English coin silver was rated according to its proper proportion to gold, the price of silver bullion would probably fall below the mint price even without any reformation of the silver coin, the value even of the present worn and defaced silver coin being regulated by the value of the excellent gold coin for which it can be changed.

A small seignorage or duty upon the coinage of both gold and silver would probably incrase still more the superiority of those metals in coin above an equal quantity of either of them in bullion. The coinage would in this case increase the value of the metal coin in proportion to the extent of this small duty, for the same reason that the fashion increases the value of the plate in proportion to the price of that fashion. The superiority of coin above bullion would prevent the melting down of the coin, and would discourage its exportation. If upon any public exigency it should become necessary to export the coin, the greater part of it would soon return again of its own accord. Abroad it could sell only for its weight in bullion. At home it would buy more than that weight. There would be a profit, therefore, in bringing it home

again. In France a seignorage of about eight per cent. is imposed upon the coinage, and the French coin, when exported, is said to return home again of its own accord

The occasional fluctuations in the market price of gold and silver bullion arise from the same causes as the like fluctuations in that of all other commodities. The frequent loss of those metals from various accidents by sea and by land, the continual waste of them in gilding and plating, in lace and embroidery, in the wear and tear of coin, and in that of plate, require, in all countries which possess no mines of their own, a continual importation, in order to repair this loss and this waste. The merchant importers, like all other merchants we may believe, endeavour, as well as they can to suit their occasional importations to what, they judge, is likely to be the immediate demand. With all their attention, however, they sometimes over-do the business, and sometimes under-do it. When they import more bullion than is wanted, rather than incur the risk and trouble of exporting it again, they are sometimes willing to sell a part of it for something less than the ordinary or average price. When, on the other hand, they import less than is wanted, they get something more than this price. But when, under all those occasional fluctuations, the market price either of gold or silver bullion continues for several years together steadily and constantly, either more or less above, or more or less below the mint price, we may be assured that this steady and constant, either superiority or inferiority of price, is the effect of something in the state of the coin, which, at that time, renders a certain quantity of coin either of more value or of less value than the precise quantity of bullion which it ought to contain. The constancy and steadiness of the effect, supposes a proportionable constancy and steadiness in the cause.

The money of any particular country is, at any particular time and place, more or less an accurate measure of value according as the current coin is more or less exactly agreeable to its standard, or contains more or less exactly the precise quantity of pure gold or pure silver, which it ought to contain. If in England, for example, forty-four guineas and a half contained exactly a pound weight of standard gold, or eleven ounces of fine gold and one ounce of alloy, the gold coin in England would be as accurate a measure of the actual value of goods at any particular time and place as the nature of the thing would admit. But if, by rubbing and wearing, forty-four guineas and a half generally contain less than a pound weight of standard gold—the diminution, however, being greater in some pieces than in others—the measure of value comes to be liable to the same sort of uncertainty to which all other weights and measures are commonly exposed. As it rarely happens that these are exactly agreeable to their standard, the merchant adjusts the price

of his goods, as well as he can, not to what those weights and measures ought to be, but to what, upon an average, he finds by experience they actually are. In consequence of a like disorder in the coin, the price of goods comes, in the same manner, to be adjusted, not to the quantity of pure gold or silver which the coin ought to contain, but to that which, upon an average, it is found by experience it actually does contain.

By the money-price of goods, it is to be observed, I understand always the quantity of pure gold or silver for which they are sold, without any regard to the denomination of the coin. Six shillings and eight-pence, for example, in time of Ed I, I consider as the same money-price with a pound sterling in the present time; as it contained, as nearly as we can judge, the same quantity of pure silver.

CHAP VI.—*Of the Component Parts of the Price of Commodities*
—In that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally exchange for, or be worth two deer. It is natural—that what is usually the produce of two days' or two hours' labour, should be worth double of what is usually the produce of one day's or one hour's labour.

If the one species of labour should be more severe than the other, some allowance will naturally be made for this superior hardship, and the produce of one hours' labour in the one way may frequently exchange for that of two hours' labour in the other.

Or if the one species of labour requires an uncommon degree of dexterity and ingenuity, the esteem which men have for such talents, will naturally give a value to their produce, superior to what would be due to the time employed about it. Such talents can seldom be acquired but in consequence of long application, and the superior value of their produce may frequently be more than a reasonable compensation for the time and labour which must be spent in acquiring them. In the advanced state of society, allowances of this kind, for superior hardship and superior skill, are commonly made in the wages of labour, and something of the same kind must probably have taken place in its earliest and rudest period. In this state of things, the whole produce of labour belongs to the labourer, and the quantity of labour commonly employed in acquiring or producing any commodity, is the only circumstance which can regulate the quantity of labour which it ought commonly to purchase, command, or exchange for.

As soon as stock has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a profit by the sale of their work, or by what their labour adds to the value of the materials. In exchanging the complete manufacture either for money, for labour, or for other goods, over and above what may be sufficient to pay the price of the materials, and the wages of the workmen, something must be given for the profits of the undertaker of the work who hazards his stock in this adventure. The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced. He could have no interest to employ them, unless he expected from the sale of their work something more than what was sufficient to replace his stock to him, and he could have no interest to employ a great stock rather than a small one, unless his profits were to bear some proportion to the extent of his stock.

The profits of stock, it may perhaps be thought, are only a different name for the wages of a particular sort of labour, the labour of inspection and direction. They are, however, altogether different, are regulated by quite different principles, and bear no proportion to the quantity, the hardship, or the ingenuity of this supposed labour of inspection and direction. They are regulated altogether by the value of the stock employed, and are greater or smaller in proportion to the extent of this stock. Let us suppose, for example, that in some particular place, where the common annual profits of manufacturing stock are ten per cent there are two different manufactures, in each of which twenty workmen are employed at the rate of fifteen pounds a year each, or at the expense of three hundred a year in each manufactory. Let us suppose too, that the coarse materials annually wrought up in the one cost only seven hundred pounds, while the finer materials in the other cost seven thousand. The capital annually employed in the one will in this case amount only to one thousand pounds, whereas that employed in the other will amount to seven thousand three hundred pounds. At the rate of ten per cent therefore, the undertaker of the one will expect a yearly profit of about one hundred pounds only, while that of the other will expect about seven hundred and thirty pounds. But though their profits are so very different, their labour of inspection and direction may be either altogether or very nearly the same. In many great works, almost the whole labour of this kind is committed to some principal clerk. His wages properly express the value of this labour of inspection and direction. Though in settling them some

regard is had commonly, not only to his labour and skill, but to the trust which is reposed in him, yet they never bear any regular proportion to the capital of which he oversees the management, and the owner of this capital, though he is thus discharged of almost all labour, still expects that his profits should bear a regular proportion to his capital. In the price of commodities, therefore, the profits of stock constitute a component part altogether different from the wages of labour, and regulated by quite different principles.

In this state of things, the whole produce of labour does not always belong to the labourer. He must in most cases share it with the owner of the stock which employs him. Neither is the quantity of labour commonly employed in acquiring or producing any commodity, the only circumstance which can regulate the quantity which it ought commonly to purchase, command, or exchange for. An additional quantity, it is evident, must be due for the profits of the stock which advanced the wages and furnished the materials of that labour.

As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce. The wood of the forest, the grass of the field, and all the natural fruits of the earth, which, when land was in common, cost the labourer only the trouble of gathering them, come, even to him, to have an additional price fixed upon them. He must then pay for the license to gather them, and must give up to the landlord a portion of what his labour either collects or produces. This portion, or, what comes to the same thing, the price of this portion, constitutes the rent of land, and in the price of the greater part of commodities makes a third component part.

The real value of all the different component parts of price, it must be observed, is measured by the quantity of labour which they can, each of them, purchase or command. Labour measures the value not only of that part of price which resolves itself into profit, but of that which resolves itself into rent, and itself into profit.

his labouring cattle, and other instruments of husbandry. But it must be considered that the price of any instrument of husbandry, such as a labouring horse, is itself made up of the same three parts, the rent of the land upon which he is reared, the labour of tending and rearing him, and the profits of the farmer who advances both, the rent of this land and the wages of this labour. Though the price of the corn, therefore, may pay the price as well as the maintenance of the horse, the whole price still resolves itself either immediately or ultimately into the same three parts of rent, labour, and profit. In the price of flour or meal, we must add to the price of the corn, the profits of the miller, and the wages of his servants, in the price of bread, the profits of the baker and the wages of his servants, and in the price of both, the labour of transporting the corn from the house of the farmer to that of the miller, and from that of the miller to that of the baker, together with the profits of those who advance the wages of that labour.

The price of flax resolves itself into the same three parts as that of corn. In the price of linen we must add to this price the wages of the flax dresser, of the spinner, of the weaver, of the bleacher, &c., together with the profits of their respective employers.

As any particular commodity comes to be more manufactured, that part of the price which resolves itself into wages and profit comes to be greater in proportion to that which resolves itself into rent. In the progress of the manufacture not only the number of profits increase, but every subsequent profit is greater than the foregoing, because the capital from which it is derived must always be greater. The capital which employs the weavers, for example, must be greater than that which employs the spinners, because it not only replaces that capital with its profits, but pays, besides, the wages of the weavers, and the profits must always bear some proportion to the capital.

In the most improved societies, however, there are always a few commodities of which the price resolves itself into two parts only, the wages of labour and the profits of stock, and a still smaller number, in which it consists altogether in the wages of labour. In the price of sea fish, for example, one part pays the labour of the fishermen, and the other the profits of the capital employed in the fishery. Rent very seldom makes any part in it, though it does sometimes, as I shall show hereafter. It is otherwise, at least through the greater part of Europe, in river fisheries. A salmon fishery pays a rent, and rent, though it cannot well be called the rent of land, makes a part of the price of a salmon as well as wages and profit. In some parts of Scotland a few poor people make a trade of gathering, along the sea shore, those little variegated stones commonly known by the name of Scotch Pebbles.

The price which is paid to them by the stone-cutter is altogether the wages of their labour, neither rent nor profit make any part of it

But the whole price of any commodity must still finally resolve itself into some one or other, or all of those three parts, as whatever part of it remains after paying the rent of the land, and the price of the whole labour employed in raising, manufacturing, and bringing it to market, must necessarily be profit to somebody.

As the price or exchangeable value of every particular commodity, taken separately, resolves itself into some one or other, or all of those three parts, so that all the commodities which compose the whole annual produce of the labour of every country, taken complexly, must resolve itself into the same three parts, and be parcelled out among different inhabitants of the country, either as the wages of their labour, the profits of their stock, or the rent of their land. The whole of what is annually either collected or produced by the labour of every society, or, what comes to the same thing, the whole price of it, is in this manner originally distributed among some of its different members. Wages, profit, and rent are the three original sources of all revenue as well as of all exchangeable value. All other revenue is ultimately derived from some one or other of these.

Whoever derives his revenue from a fund which is his own, must draw it either from his labour, from his stock, or from his land. The revenue derived from labour is called wages. That derived from stock, by the person who manages or employs it, is called profit. That derived from it by the person who does not employ it himself, but lends it to another, is called the interest or the use of money. It is the compensation which the borrower pays to the lender for the profit which he has an opportunity of making by the use of the money. Part of that profit naturally belongs to the borrower, who runs the risk and takes the trouble of employing it, and part to the lender, who affords him the opportunity of making this profit. The interest of money is always a derivative revenue, which, if it is not paid from the profit which is made by the use of money, must be paid from some other source of revenue, unless, perhaps, the borrower is a spendthrift, who contracts a second debt in order to pay the interest of the first. The revenue which proceeds altogether from land is called rent, and belongs to the landlord. The revenue of the farmer is derived partly from his labour and partly from his stock. To him land is only the instrument which enables him to earn the wages of this labour, and to make the profits of this stock. All taxes, and all the revenue which is founded upon them, all salaries, pensions, and annuities of every kind, are ultimately derived from some one or other of those three original sources of revenue, and are paid

either immediately or mediately from the wages of labour, the profits of stock, or the rent of land

When those three different sorts of revenue belong to different persons, they are readily distinguished; but when they belong to the same, they are sometimes confounded with one another, at least in common language. A gentleman who farms a part of his own estate, after paying the expense of cultivation, should gain both the rent of the landlord and the profit of the farmer. He is apt to denominate, however, his whole gain, profit, and thus confounds rent with profit, at least in common language. The greater part of our North American and West Indian planters are in this situation. They farm; the greater part of them, their own estates, and accordingly we seldom hear of the rent of a plantation, but frequently of its profit.

Common farmers seldom employ any overseer to direct the general operations of the farm. They generally, too, work a good deal with their own hands, as ploughmen, harrowers, &c. What remains of the crop after paying the rent, therefore, should not only replace to them their stock employed in cultivation, together with its ordinary profits, but pay them the wages which are due to them, both as labourers and overseers. Whatever remains, however, after paying the rent and keeping up the stock, is called profit. But wages evidently make a part of it. The farmer, by giving these wages, must necessarily gain them. Wages, therefore, are in this case confounded with profit.

An independent manufacturer, who has stock enough both to purchase materials and to maintain himself till he can carry his work to market, should gain both the wages of a journeyman who works under a master and the profits which that master makes by the sale of the journeyman's work. His whole gains, however, are commonly called profit, and wages are in this case, too, confounded with profit.

A gardener who cultivates his own garden with his own hands unites in his own person the three different characters of landlord, farmer, and labourer. His produce, therefore, should pay him the rent of the first, the produce of the second, and the wages of the third. The whole, however, is commonly considered as the earnings of his labour. Both rent and profit are, in this case, confounded with wages.

As in a civilized country there are but few commodities of which the exchangeable value arises from labour only, rent and profit contributing largely to that of the far greater part of them, so the annual produce of its labour will always be sufficient to purchase or command a much greater quantity of labour than what was employed in raising, preparing, and bringing that produce to market. If the society were annually to employ all the labour which it can

annually purchase, as the quantity of labour would increase greatly every year, so the produce of every succeeding year would be of vastly greater value than that of the foregoing. But there is no country in which the whole annual produce is employed in maintaining the industrious. The idle everywhere consume a great part of it, and according to the different proportions in which it is annually divided between those two different orders of people, its ordinary or average value must either annually increase, or diminish, or continue the same from one year to another.

CHAP VII.—*Of the Natural and Market Price of Commodities*—

There is in every society or neighbourhood an ordinary or average rate both of wages and profit in every different employment of labour and stock. This rate is naturally regulated, as I shall show hereafter, partly by the general circumstances of the society, their riches or poverty, their advancing, stationary, or declining condition, and partly by the particular nature of each employment. There is likewise in every society or neighbourhood an ordinary or average rate of rent, which is regulated, too, as I shall show hereafter, partly by the general circumstances of the society or neighbourhood in which the land is situated, and partly by the natural or the improved fertility of the land.

These ordinary or average rates may be called the natural rates of wages, profit, and rent, at the time and place in which they may commonly prevail. When the price of any commodity is neither more nor less than what is sufficient to pay the rent of the land, the wages of the labour, and the profits of the stock employed in raising, preparing, and bringing it to market, according to their natural rates, the commodity is then sold for what may be called its natural price.

The commodity is then sold precisely for what it is worth or what it really costs the person who brings it to market, for though in common language what is called the prime cost of any commodity does not comprehend the profit of the person who is to sell it again, yet if he sells it at a price which does not allow him the ordinary rate of profit in his neighbourhood, he is evidently a loser by the trade, since by employing his stock in some other way he might have made that profit. His profit, besides, is his revenue, the proper fund of his subsistence. As, while he is preparing and bringing the goods to market, he advances to his workmen their wages, or their subsistence, so he advances to himself, in the same manner, his own subsistence, which is generally suitable to the profit which he may reasonably expect from the sale of his goods. Unless they yield him this profit, therefore, they do not repay him what they may very properly be said to have really cost him.

Though the price, therefore, which leaves him this profit, is not

always the lowest at which a dealer may sometimes sell his goods, it is the lowest at which he is likely to sell them for any considerable time, at least where there is perfect liberty, or where he may change his trade as often as he pleases. The actual price at which any commodity is commonly sold is called its market price. It may either be above, or below, or exactly the same with its natural price.

The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand, since it may be sufficient to effectuate the bringing of the commodity to market. It is different from the absolute command. A very poor man may have a demand for a coach and six, he might like to have it, but his demand is not an effectual demand, as the commodity can never be brought to the market in order to satisfy it.

When the quantity of any commodity which is brought to market falls short of the effectual demand, all those who are willing to pay the whole value of the rent, wages, and profit which must be paid in order to bring it thither, cannot be supplied with the quantity which they want. Rather than want it altogether, some of them will be willing to give more. A competition will immediately begin among them, and the market price will rise more or less above the natural price, according as either the greatness of the deficiency, or the wealth and wanton luxury of the competitors happens to animate more or less the eagerness of the competition. Among competitors of equal wealth and luxury the same deficiency will generally occasion a more or less eager competition, according as the acquisition of the commodity happens to be of more or less importance to them. Hence the exorbitant price of the necessities of life during the blockade of a town or in a famine.

When the quantity brought to market exceeds the effectual demand, it cannot be all sold to those who are willing to pay the whole value of the rent, wages, and profit, which must be paid in order to bring it thither. Some part must be sold to those who are willing to pay less, and the low price which they give for it must reduce the price of the whole. The market price will sink more or less below the natural price, according as the greatness of the excess increases more or less the competition of the sellers, or according as it happens to be more or less important to them to get immediately rid of the commodity. The same excess in the importation of perishable, will occasion a much greater competition than in that of durable commodities, in the importation of oranges, for example, than in that of old iron.

When the quantity brought to market is just sufficient to supply the effectual demand and no more, the market price naturally comes to be either exactly, or as nearly as can be judged of, the same with the natural price. The whole quantity upon hand can be disposed of for this price, and cannot be disposed of for more. The competition of the different dealers obliges them all to accept of this price, but does not oblige them to accept of less. The quantity of every commodity brought to market naturally suits itself to the effectual demand. It is the interest of all those who employ their land, labour, or stock, in bringing any commodity to the market, but the quantity should never exceed the effectual demand, and it is the interest of all other people that it should never fall short of that demand.

If at any time it exceeds the effectual demand, some of the component parts of its price must be paid below their natural rate. If it is rent, the interest of the landlords will immediately prompt them to withdraw a part of their land, and if it is wages or profit, the interest of the labourers in the one case, and of their employers in the other, will prompt them to withdraw a part of their labour or stock from this employment. The quantity brought to market will soon be no more than sufficient to supply the effectual demand. The parts of its price will rise to their natural rate, and the whole to its natural price.

If, on the contrary, the quantity brought to market should at any time fall short of the effectual demand, some of the component parts of its price must rise above their natural rate. If it is rent, the interest of all other landlords will naturally prompt them to prepare more land for the raising of this commodity, if it is wages or profit, the interest of all other labourers and dealers will soon prompt them to employ more labour and stock in preparing and bringing it to market. The quantity brought thither will soon be sufficient to supply the effectual demand. All the different parts of its price will soon sink to their natural rate, and the whole price to its natural price.

The natural price is the central price, to which the price of all commodities are continually gravitating. Different accidents may sometimes keep them suspended a good deal above it, and sometimes force them down even somewhat below it. But whatever may be the obstacles which hinder them from settling in this centre of repose and its continuance, they are constantly tending towards it. The whole quantity of industry annually employed in order to bring any commodity to market, naturally suits itself in this manner to the effectual demand. It aims at bringing always that precise quantity thither which may be sufficient to supply, and no more than supply that demand.

But in some employments the same quantity of industry will in

different years produce very different quantities of commodities, while in others it will produce always the same, or very nearly the same. The same number of labourers in husbandry will, in different years, produce very different quantities of corn, wine, oil, hops, &c. But the same number of spinners and weavers will every year produce the same or very nearly the same quantity of linen or woollen cloth. It is only the average produce of the one species of industry which can be suited in any respect to the effectual demand, and as its actual produce is frequently much greater and frequently much less than its average produce, the quantities of the commodities brought to market will sometimes exceed a good deal, and sometimes fall short a good deal, of the effectual demand. Even though that demand therefore should continue always the same, their market price will be liable to great fluctuations, will sometimes fall a good deal below, and sometimes rise a good deal above their natural price. In the other species of industry, the produce of equal quantities of labour being always the same, or very nearly the same, it can be more exactly suited to the effectual demand. While that demand continues the same, therefore, the market price of the commodities is likely to do so, too, and to be either altogether, or as nearly as can be judged of, the same with the natural price. That the piece of linen and woollen cloth is liable neither to such frequent nor to such great variations as the price of corn, every man's experience will inform him. The price of the one species of commodities varies only with the variations in the demand that of the other varies not only with the variations in the demand, but with the much greater and more frequent variations in the quantity of what is brought to market in order to supply that demand.

The occasional and temporary fluctuations in the market price of any commodity fall chiefly upon those parts of its price which resolve themselves into wages and profit. That part which resolves itself into rent is less affected by them. A rent certain in money is not in the least affected by them either in its rate or in its value. A rent which consists either in a certain proportion or in a certain quantity of the rude produce, is no doubt affected in its yearly value by all the occasional and temporary fluctuations in the market price of that rude produce, but it is seldom affected by them in its yearly rate. In settling the terms of the lease, the landlord and farmer endeavour, according to their best judgment, to adjust that rate, not to the temporary and occasional, but to the average price of the produce.

Such fluctuations affect both the value and the rate either of wages or of profit, according as the market happens to be either over-stocked or under-stocked with commodities or with labour, with work done, or with work to be done. A public mourning

raises the price of black cloth (with which the market is almost always under-stocked upon such occasions), and augments the profits of the merchants who possess any considerable quantity of it. It has no effect upon the wages of the weavers. The market is under-stocked with commodities, not with labour, with work done, not with work to be done. It raises the wages of journeymen-tailors. The market is here under-stocked with labour. There is an effectual demand for more labour, for more work to be done than can be had. It sinks the price of coloured silks and cloths, and thereby reduces the profits of the merchants who have any considerable quantity of them upon hand. It sinks too the wages of the workmen employed in preparing such commodities, for which all demand is stopped for six months, perhaps for a twelve-month. The market is here over-stocked both with commodities and with labour. But, though the market price of every particular commodity is in this manner continually gravitating, if one may say so, towards the natural price, yet sometimes particular accidents, sometimes natural causes, and sometimes particular regulations of police, may, in many commodities, keep up the market price, for a long time together, a good deal above the natural price.

When by an increase in the effectual demand, the market price of some particular commodity happens to rise a good deal above the natural price, those who employ their stocks in supplying that market are generally careful to conceal this change. If it was commonly known, their great profit would tempt so many new rivals to employ their stocks in the same way, that, the effectual demand being fully supplied, the market price would soon be reduced to the natural price, and perhaps for some time even below it. If the market is at a great distance from the residence of those who supply it, they may sometimes be able to keep the secret for several years together, and may so long enjoy their extraordinary profits without any new rivals. Secrets of this kind can seldom be long kept, and the extraordinary profit can last very little longer than they are kept.

Secrets in manufactures are capable of being longer kept than secrets in trade. A dyer who has found the means of producing a particular colour with materials which cost only half the price of those commonly made use of, may, with good management, enjoy the advantage of his discovery as long as he lives, and even leave it as a legacy to his posterity. His extraordinary gains arise from the high price which he is paid for his private labour. They properly consist in the high wages of that labour. But as they are repeated upon every part of his stock, and as their whole amount bears, upon that account, a regular proportion to it, they are commonly considered as extraordinary profits of stock. Such enhance-

ments of the market price are evidently the effects of particular accidents, of which, however, the operation may sometimes last for many years together.

Some natural productions require such a singularity of soil and situation, that all the land in a great country, which is fit for producing them, may not be sufficient to supply the effectual demand. The whole quantity brought to market, therefore, may be disposed of to those who are willing to give more than what is sufficient to pay the rent of the land which produced them, together with the wages of the labour, and the profits of the stock which were employed in preparing and bringing them to market, according to their natural rates. Such commodities may continue for whole centuries together to be sold at this high price, and that part of it which resolves itself into the rent of land is in this case the part which is generally paid above its natural rate. The rent of the land which affords such singular and esteemed productions, like ~~the rent~~ of some vineyards in France of a peculiarly happy soil and situation, bears no regular proportion to the rent of other equally fertile and equally well-cultivated land in its neighbourhood. The wages of the labour and the profits of the stock employed in bringing such commodities to market, on the contrary, are seldom out of their natural proportion to those of the other employments of labour and stock in their neighbourhood.

Such enhancements of the market price are the effect of natural causes which may hinder the effectual demand from ever being fully supplied, and which may continue to operate for ever.

A monopoly granted either to an individual or to a trading company has the same effect as a secret in trade or manufactures. The monopolists, by keeping the market constantly understocked, by never fully supplying the effectual demand, sell their commodities above the natural price, and raise their emoluments, whether they consist in wages or profit, greatly above their natural rate.

The price of monopoly is, upon every occasion, the highest which can be got. The natural price, or the price of free competition, on the contrary, is the lowest which can be taken, not upon every occasion indeed, but for any considerable time together. The one is upon every occasion the highest which can be squeezed out of the buyers, or which, it is supposed, they will consent to give; the other is the lowest which the sellers can commonly afford to take; and at the same time continue their business. The exclusive privileges of corporations, statutes of apprenticeship, and all those laws which restrain, in particular employments, the competition to a smaller number than might otherwise go into them, have the same tendency, though in a less degree. They are a sort of enlarged monopolies, and may frequently, for ages together and in whole classes of employments, keep up the market price of

particular commodities above the natural price, and maintain both the wages of the labour and the profits of the stock employed about them somewhat above their natural rate

Such enhancements of the market price may last as long as the regulations of police which give occasion to them

The market price of any particular commodity, though it may continue long above, can seldom continue long below, its natural price. Whatever part of it was paid below the natural rate, the persons whose interest it affected would immediately feel the loss and would immediately withdraw either so much land, or so much labour, or so much stock, from being employed about it, that the quantity brought to market would soon be no more than sufficient to supply the effectual demand. Its market price would soon rise to the natural price. This at least would be the case where there was perfect liberty

The same statutes of apprenticeship and other corporation laws indeed, which, when a manufacture is in prosperity, enable the workman to raise his wages a good deal above their natural rate sometimes oblige him, when it decays, to let them down a good deal below it. As in the one case they exclude many people from his employment, so in the other they exclude him from many employments. The effect of such regulations, however, is not nearly so durable in sinking the workman's wages below, as in raising them above, their natural rate. Their operation in the one way may endure for many centuries, but in the other it can last no longer than the lives of some of the workmen who were bred to the business in the time of its prosperity. When they are gone, the number of those who are afterwards educated to the trade will naturally suit itself to the effectual demand. The police must be as violent as that of Hindostan or ancient Egypt (where every man was bound by a principle of religion to follow the occupation of his father, and was supposed to commit the most horrid sacrilege if he changed it for another), which can in any particular employment, and for several generations together, sink either the wages of labour or the profits of stock below their natural rate

This is all that I think necessary to be observed at present concerning the deviations, whether occasional or permanent, of the market price of commodities from the natural price

The natural price itself varies with the natural rate of each of its component parts, of wages, profit, and rent, and in every society this rate varies according to their circumstances, according to their riches or poverty, their advancing, stationary, or declining condition. I shall in the four following chapters, endeavour to explain as fully and distinctly as I can, the causes of those different variations

1. I shall endeavour to explain what are the circumstances

which naturally determine the rate of wages, and in what manner those circumstances are affected by the riches or poverty, by the advancing, stationary, or declining state of the society II I shall endeavour to show what are the circumstances which naturally determine the rate of profit, and in what manner too those circumstances are affected by the like variations in the state of the society III. Though pecuniary wages and profit are very different in the different employments of labour and stock, yet a certain proportion seems commonly to take place between both the pecuniary wages in all the different employments of labour, and the pecuniary profits in all the different employments of stock This proportion, it will appear hereafter, depends partly upon the nature of the different employments, and partly upon the different laws and policy of the society in which they are carried on But though in many respects dependent upon the laws and policy, this proportion seems to be little affected by the riches or poverty of that society, by its advancing, stationary, or declining condition; but to remain the same or very nearly the same in all those different states I shall, therefore, endeavour to explain all the different circumstances which regulate this proportion IV, and lastly; I shall endeavour to show what are the circumstances which regulate the rent of land, and which either raise or lower the real price of all the different substances which it produces

CHAP. VIII — *Of the Wages of Labour* — The produce of Labour constitutes the natural recompense or wages of labour In that original state of things, which precedes both the appropriation of land and the accumulation of stock, the whole produce of labour belongs to the labourer He has neither landlord nor master to share with him Had this state continued, the wages of labour would have augmented with all those improvements in its productive powers, to which the division of labour gives occasion. All things would gradually have become cheaper They would have been produced by a smaller quantity of labour, and as the commodities produced by equal quantities of labour would naturally in this state of things be exchanged for one another, they would have been purchased likewise with the produce of a smaller quantity

But though all things would have become cheaper in reality, in appearance many things might have become dearer than before, or have been exchanged for a greater quantity of other goods Let us suppose, for example, that in the greater part of employments the productive powers of labour had been improved to tenfold, or that a day's labour could produce ten times the quantity of work which it had done originally, but that in a particular employment

they had been improved only to double, or that a day's labour could produce only twice the quantity of work which it had done before. In exchanging the produce of a day's labour in the greater part of employments, for that of a day's labour in this particular one, ten times the original quantity of work in them would purchase only twice the original quantity in it. Any particular quantity in it, therefore, a pound weight, for example, would appear to be five times dearer than before. In reality, however, it would be twice as cheap. Though it required five times the quantity of other goods to purchase it, it would require only half the quantity of labour either to purchase or to produce it. The acquisition, therefore, would be twice as easy as before.

But this original state of things in which the labourer enjoyed the whole produce of his own labour could not last beyond the first introduction of the appropriation of land and the accumulation of stock. It was at an end, therefore, long before the most considerable improvements were made in the productive powers of labour, and it would be to no purpose to trace further what might have been its effects upon the recompence or wages of labour. As soon as land becomes private property, the landlord demands a share of almost all the produce which the labourer can either raise, or collect from it. His rent makes the first deduction from the produce of the labour employed upon land. It seldom happens that the person who tills the ground has wherewithal to maintain himself till he reaps the harvest. His maintenance is generally advanced to him from the stock of a master, the farmer who employs him, and who would have no interest to employ him unless he was to share in the produce of his labour, or unless his stock was to be replaced to him with a profit. This profit makes a second deduction from produce of the labour employed upon land. The produce of almost all other labour is liable to the like deduction of profit. In all arts and manufactures the greater part of the workmen stand in need of a master to advance them the materials of their work, and their wages and maintenance till it be completed. He shares in the produce of their labour, or in the value which it adds to the materials upon which it is bestowed, and in this consists his profit.

It sometimes happens, indeed, that a single independent workman has stock sufficient both to purchase the materials of his work, and to maintain himself till it be completed. He is both master and workman, and enjoys the whole produce of his own labour, or the whole value which it adds to the materials upon which it is bestowed. It includes what are usually two distinct revenues, wages of labour

Such cases, however, are not very frequent, and in every part of

Europe, twenty workmen serve under a master for one that is independent, and the wages of labour are everywhere understood to be, what they usually are, when the labourer is one person, and the owner of the stock which employs him another

What are the common wages of labour, depends everywhere upon the contract usually made between those two parties, whose interests are by no means the same. The workmen desire to get as much, the masters to give as little as possible. The former are disposed to combine to raise, the latter to lower the wages of labour. It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into a compliance with their terms. The masters, being fewer in number, can combine much more easily, and the law, besides, authorises, or at least does not prohibit their combinations, while it prohibits those of the workmen (*Repealed, 1824*). We have no acts of parliament against combining to lower the price of work, but many against combining to raise it. In all such disputes the masters can hold out much longer. A landlord, a farmer, a master manufacturer, or merchant, though they did not employ a single workman, could generally live a year or two upon the stocks which they have already acquired. Many workmen could not subsist a week, few could subsist a month, and scarce any a year without employment. In the long run the workman may be as necessary to his master as his master is to him, but the necessity is not so immediate.

We rarely hear, it has been said, of the combinations of masters, though frequently of those of workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform, combination, not to raise the wages of labour above their actual rate. To violate this combination is everywhere a most unpopular action, and a sort of reproach to a master among his neighbours and equals. We seldom, indeed, hear of this combination, because it is the usual, and one may say, the natural state of things which nobody ever hears of. Masters, too, sometimes enter into particular combinations to sink the wages of labour even below this rate. These are always conducted with the utmost silence and secrecy, till the moment of execution, and when the workmen yield, as they sometimes do, without resistance, though severely felt by them, they are never heard of by other people. Such combinations, however, are frequently resisted by a contrary defensive combination of the workmen, who sometimes, too, without any provocation of this kind, combine of their own accord to raise the price of their labour. Their usual pretences are, sometimes the high price of provisions, sometimes the great profit which their masters make

by their work. But whether their combinations be offensive or defensive, they are always abundantly heard of. In order to bring the point to a speedy decision, they have always recourse to the loudest clamour, and sometimes to the most shocking violence and outrage. They are desperate, and act with the folly and extravagance of desperate men, who must either subdue, or strengthen their masters into an immediate compliance with their demands. The masters upon these occasions are just as clamorous upon the other side, and never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of the laws which have been enacted with so much severity against the combinations of servants, labourers, and journeymen. The workmen, accordingly, very seldom derive any advantage from the violence of those tumultuous combinations, which, partly from the interposition of the civil magistrate, partly from the superior steeliness of the masters, partly from the necessity which the greater part of the workmen are under of submitting for the sake of present subsistence, generally end in nothing but the punishment or ruin of the ringleaders.

But though in disputes with their workmen, masters must generally have the advantage, there is, however, a certain rate below which it seems impossible to reduce, for any considerable time, the ordinary wages even of the lowest species of labour.

A man must always live by his work, and his wages must at least be sufficient to maintain him. They must even upon most occasions be somewhat more, otherwise it would be impossible for him to bring up a family, and the race of such workmen could not last beyond the first generation. Mr Cantillon seems, upon this account, to suppose that the lowest species of common labourers must everywhere earn at least double their own maintenance, in order that one with another they may be enabled to bring up two children, the labour of the wife, on account of her necessary attendance on the children, being supposed no more than sufficient to provide for herself. But one half the children born, it is computed, die before the age of manhood. The poorest labourers, therefore, according to this account, must, one with another, attempt to rear at least four children, in order that two may have an equal chance of living to that age. But the necessary maintenance of four children, it is supposed, may be nearly equal to that of one man. The labour of an able-bodied slave, the same author adds, is computed to be worth double his maintenance, and that of the meanest labourer, he thinks, cannot be worth less than that of an able-bodied slave. Thus far at least seems certain, that in order to bring up a family, the labour of the husband and wife together must, even in the lowest species of common labour, be able to earn something more than what is

precisely necessary for their own maintenance ; but in what proportion, whether in that above mentioned, or in any other, I shall not take upon me to determine.

There are certain circumstances which sometimes give the labourers an advantage, and enable them to raise their wages above this rate ; evidently the lowest consistent with common humanity. When in any country the demand for those who live by wages ; labourers, journeymen, servants of every kind, is continually increasing ; when every year furnishes employment for a greater number than had been employed the year before, the workmen have no occasion to combine in order to raise their wages. The scarcity of hands occasions a competition among masters, who bid against one another, in order to get workmen, and thus voluntarily break through the natural combination of masters not to raise wages. The demand for those who live by wages, it is evident, cannot increase but in proportion to the increase of the funds which are destined for the payment of wages. These funds are of two kinds I. The revenue which is over and above what is necessary for the maintenance ; II The stock which is over and above what is necessary for the employment of their masters. When the landlord, annuitant, or moneyed man, has a greater revenue than what he judges sufficient to maintain his own family, he employs either the whole or a part of the surplus in maintaining one or more menial servants. Increase this surplus, and he will naturally increase the number of those servants.

When an independent workman, such as a weaver or shoemaker, has got more stock than what is sufficient to purchase the materials of his own work, and to maintain himself till he can dispose of it, he naturally employs one or more journeymen with the surplus, in order to make a profit by their work. Increase this surplus, and he will naturally increase the number of his journeymen.

The demand for those who live by wages, therefore, necessarily increases with the increase of the revenue and stock of every country, and cannot possibly increase without it. The increase of revenue and stock is the increase of national wealth. The demand for those who live by wages, therefore, naturally increases with the increase of national wealth, and cannot possibly increase without it.

It is not the actual greatness of national wealth, but its continual increase, which occasions a rise in the wages of labour. It is not, accordingly, in the richest countries, but in the most thriving, or in those which are growing rich the fastest, that the wages of labour are highest. England is certainly, in the present times, a much richer country than any part of North America. The wages of labour, however, are much higher in North America.

than in any part of England. In the province of New York, common labourers earn (1773) three shillings and sixpence currency, equal to two shillings sterling, a day, ship carpenters, ten shillings and sixpence currency, with a pint of rum worth sixpence sterling, equal in all to six shillings and sixpence sterling, house carpenters and bricklayers, eight shillings currency, equal to four shillings and sixpence sterling, journeymen tailors, five shillings currency, equal to about two shillings and tenpence sterling. These prices are all above the London price, and wages are said to be as high in the other colonies as in New York. The price of provisions is everywhere in North America much lower than in England. A dearth has never been known there. In the worst seasons, they have always had a sufficiency for themselves, though less for exportation. If the money price of labour, therefore, be higher than it is anywhere in the mother country, its real price, the real command of the necessaries and conveniences of life which it conveys to the labourer, must be higher in a still greater proportion.

But though North America is not yet so rich as England, it is much more thriving, and advancing with much greater rapidity to the further acquisition of riches. The most decisive mark of the prosperity of any country is the increase of the number of its inhabitants. In Great Britain, and most other European countries, they are not supposed to double in less than five hundred years. In the British colonies in North America, it has been found that they double in twenty or five-and-twenty years. Nor in the present times is this increase principally owing to the continual importation of new inhabitants, but to the great multiplication of the species. Those who live to old age, it is said, frequently see, there from fifty to a hundred, and sometimes many more, descendants from their own body. Labour is there so well rewarded, that a numerous family of children, instead of being a burden, is a source of opulence and prosperity to the parents. The labour of each child, before it can leave their house, is computed to be worth a hundred pounds clear gains to them. A young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have so little chance for a second husband, is there frequently courted as a sort of fortune. The value of children is the greatest of all encouragements to marriage. We cannot wonder that the people in North America should generally marry very young. Notwithstanding the great increase occasioned by such marriages, there is a continual complaint of the scarcity of hands. The demand for labourers, the funds destined for maintaining them, increase still faster than they can find labourers to employ.

Though the wealth of a country should be very great, yet if it

has been long stationary, we must not expect to find the wages of labour very high in it. The funds destined for the payment of wages, the revenue and stock of its inhabitants, may be of the greatest extent, but if they have continued for several centuries of the same, or very nearly of the same extent, the number of labourers employed every year could easily supply, and even more than supply, the number wanted the following year. There would seldom be any scarcity of hands, nor would the masters be obliged to bid against one another in order to get them. The hands, on the contrary, would in this case, naturally multiply beyond their employment. There would be a constant scarcity of employment, and the labourers would be obliged to bid against one another in order to get it. If in such a country the wages of labour had ever been more than sufficient to maintain the labourer, and to enable him to bring up a family, the competition of the labourers and the interest of the masters would soon reduce them to this lowest rate which is consistent with common humanity. China has been long one of the richest, that is, one of the most fertile, best cultivated, most industrious, and most populous countries in the world. It seems, however, to have been long stationary. Marco Polo, who visited it more than five hundred years ago, describes its cultivation, industry, and populousness, almost in the same terms in which they are described by travellers in the present times. It had perhaps, even long before his time, acquired that full complement of riches which the nature of its laws and institutions permits it to acquire. The accounts of all travellers, inconsistent in many other respects, agree in the low wages of labour, and in the difficulty which a labourer finds in bringing up a family in China. If by digging the ground a whole day he can get what will purchase a small quantity of rice in the evening, he is contented. The condition of artificers is, if possible, still worse. Instead of waiting indolently in their work-houses, for the calls of their customers, as in Europe, they are continually running about the streets with the tools of their respective trades, offering their service,—as it were begging employment. The poverty of the lower ranks of people in China far surpasses that of the most beggarly nations in Europe. In the neighbourhood of Canton many hundred, it is commonly said, many thousand families have no habitation on the land, but live constantly in little fishing boats upon the rivers and canals. The subsistence which they find there is so scanty that they are eager to fish up the nastiest garbage thrown overboard from any European ship. Any carrion, the carcase of a dead dog or cat, for example, though half putrid and stinking, is as welcome to them as the most wholesome food to the people of other countries. Marriage is encouraged in China, not by the profitableness of children, but by the liberty of destroying them. In all great

towns several are every night exposed in the streets, or drowned like puppies in the water. The performance of this horrid office is even said to be the avowed business by which some people earn their subsistence.

China, however, though it may perhaps stand still, does not seem to go backwards. Its towns are nowhere deserted by their inhabitants. The lands which had once been cultivated, are nowhere neglected. The same, or very nearly the same annual labour must continue to be performed, and the funds destined for maintaining it, must not be sensibly diminished. The lowest class of labourers, therefore, notwithstanding their scanty subsistence, must some way or another make shift to continue their race so far as to keep up their usual numbers.

But it would be otherwise in a country where the funds destined for the maintenance of labour were sensibly decaying. Every year the demand for servants and labourers would, in all the different classes of employments, be less than it had been the year before. Many who had been bred in the superior classes, not being able to find employment in their own business, would be glad to seek it in the lowest. The lowest class being not only overstocked with its own workmen, but with the overflowings of all the other classes, the competition for employment would be so great in it, as to reduce the wages of labour to the most miserable and scanty subsistence of the labourer. Many would not be able to find employment even upon these hard terms, but would either starve, or be driven to seek a subsistence, either by begging, or by the perpetration perhaps of the greatest enormities. Want, famine, and mortality, would immediately prevail in that class, and from thence extend themselves to all the superior classes, till the number of inhabitants in the country was reduced to what could easily be maintained by the revenue and stock which remained in it, and which had escaped either the tyranny or calamity which had destroyed the rest. This perhaps is nearly the present state of Bengal, and of some other of the English settlements in the East Indies. In a fertile country which had before been much depopulated, where subsistence, consequently should not be very difficult, and where, notwithstanding three or four hundred thousand people die of hunger in one year, we may be assured that the funds destined for the maintenance of the labouring poor are fast decaying. The difference between the genius of the British constitution which governs North America, and that of the mercantile company which oppresses the East Indies, cannot be better illustrated than by the different state of those countries.

The liberal reward of labour, therefore, as it is the necessary effect, so it is the natural symptom of increasing national wealth. The scanty maintenance of the labouring poor, on the other hand,

is the natural symptom that things are at a stand, and their starving condition that they are going fast backwards

In Great Britain the wages of labour seem, in the present times, to be evidently more than what is precisely necessary to enable the labourer to bring up a family. In order to satisfy ourselves upon this point, it will not be necessary to enter into any tedious or doubtful calculation of what may be the lowest sum upon which it is possible to do this. There are many plain symptoms that the wages of labour are nowhere in this country regulated by this lowest rate which is consistent with common humanity.

I In almost every part of Great Britain there is a distinction, even in the lowest species of labour, between summer and winter wages. Summer wages are always highest. But on account of the extraordinary expense of fuel, the maintenance of a family is most expensive in winter. Wages therefore being highest when this expense is lowest, it seems evident that they are not regulated by what is necessary for this expense; but by the quantity and supposed value of the work. A labourer, it may be said indeed, ought to save part of his summer wages in order to defray his winter expense, and that through the whole year they do not exceed what is necessary to maintain his family through the whole year. A slave, or one absolutely dependent on us for immediate subsistence, would not be so treated. His daily subsistence would be proportioned to his daily necessities.

II The wages of labour do not in Great Britain fluctuate with the price of provisions. These vary everywhere from year to year, frequently from month to month. But in many places the money price of labour remains uniformly the same sometimes for half a century together. If in these places therefore the labouring poor can maintain their families in dear years, they must be at their ease in times of moderate plenty, and in affluence in those of extraordinary cheapness. The high price of provisions has not in many parts of the kingdom been accompanied with any sensible rise in the price of labour. It has in some, owing probably more to the increase of the demand for labour, than to that of the price of provisions.

III As the price of provisions varies more from year to year than the wages of labour, so on the other hand, the wages of labour vary more from place to place than the price of provisions. The prices of bread and butcher's meat are generally the same, or very nearly the same, through the greater part of the United Kingdom. These and most other things which are sold by retail, the way in which the labouring poor buy all things, are generally fully as cheap or cheaper in great towns than in the remoter parts of the country, for reasons which I shall have occasion to explain hereafter. But the wages of labour in a great town and its neigh-

bourhood are frequently a fourth or a fifth part, twenty or five and twenty per cent higher than at a few miles distance. Eighteen pence a day may be reckoned the common price of labour in London and its neighbourhood. At a few miles distance it falls to fourteen and fifteen-pence. Tenpence may be reckoned its price in Edinburgh and its neighbourhood. At a few miles distance it falls to eightpence, the usual price of common labour through the greater part of the low country of Scotland, where it varies a good deal less than in England. Such a difference of prices, which it seems is not always sufficient to transport a man from one parish to another, would necessarily occasion so great a transportation of the most bulky commodities not only from one parish to another, but from one end of the kingdom, almost from one end of the world, to the other, as would soon reduce them more nearly to a level. After all that has been said of the levity and inconstancy of human nature, it appears evidently from experience that a man is of all sorts of luggage the most difficult to be transported. If the labouring poor, therefore, can maintain their families in those parts of the kingdom where the price of labour is lowest, they must be in affluence where it is highest.

IV. The variations in the price of labour not only do not correspond either in place or time with those in the price of provisions, but they are frequently quite opposite.

Grain, the food of the common people is dearer in Scotland than in England, whence Scotland receives almost every year very large supplies. But English corn must be sold dearer in Scotland, the country to which it is brought, than in England, the country from which it comes, and in proportion to its quality it cannot be sold dearer in Scotland than the Scotch corn that comes to the same market in competition with it. The quality of grain depends chiefly upon the quantity of flour or meal which it yields at the mill, and in this respect English grain is so much superior to the Scotch, that, though often dearer in appearance, or in proportion to the measure of its bulk, it is generally cheaper in reality, or in proportion to its quality, or even to the measure of its weight. The price of labour, on the contrary, is dearer in England than in Scotland. If the labouring poor therefore can maintain their families in the one part of the united kingdom, they must be in affluence in the other. Oatmeal, indeed, supplies the common people in Scotland with the greatest and the best part of their food, which is in general much inferior to that of their neighbours of the same rank in England. This difference, however, in the mode of their subsistence is not the cause, but the effect of the difference in their wages, though, by a strange misapprehension, I have frequently heard it represented as the cause. It is not because one man keeps a coach, while his neighbour walks a-foot, that the

one is rich and the other poor, but because the one is rich he keeps a coach, and because the other is poor he walks a-foot

During the course of the last century, taking one year with another, grain was dearer in both parts of the United Kingdom than during that of the present. This is a matter of fact which cannot now admit of any reasonable doubt, and the proof of it is, if possible, still more decisive with regard to Scotland than with regard to England. It is in Scotland supported by the evidence of the public fairs, annual valuations made upon oath, according to the actual state of the markets, of all the different sorts of grain in every different county of Scotland. If such direct proof could require any collateral evidence to confirm it, I would observe that this has likewise been the case in France, and probably in most other parts of Europe. With regard to France there is the clearest proof. But though it is certain that in both parts of the United Kingdom grain was somewhat dearer in the last century than in the present, it is equally certain that labour was much cheaper. If the labouring poor, therefore, could bring up their families then, they must be much more at their ease now. In the last century, the most usual day-wages of common labour through the greater part of Scotland were sixpence in summer and fivepence in winter. Three shillings a week, the same price very nearly, still continues to be paid in some parts of the Highlands and Western Islands. Through the greater part of the low country the most usual wages of common labour are now eightpence a day, tenpence, sometimes a shilling about Edinburgh, in the counties which border upon England, probably on account of that neighbourhood, and in a few other places where there has lately been a considerable rise in the demand for labour, about Glasgow, Carron, Ayrshire, etc. In England the improvements of agriculture, manufactures, and commerce began much earlier than in Scotland. They have risen too considerably since that time, though, on account of the greater variety of wages paid there in different places, it is more difficult to ascertain how much. In 1614 the pay of a foot soldier was the same as in the present times, eightpence a day. When it was first established it would naturally be regulated by the usual wages of common labourers, the rank of people from which foot soldiers are commonly drawn. Lord Chief Justice Hales, who wrote in the time of Charles II, computes the necessary expense of a labourer's family, consisting of six persons, the father and mother, two children able to do something, and two not able, at ten shillings a week, or twenty-six pounds a year. If they cannot earn this by their labour, they must make it up, he supposes, either by begging or stealing. He appears to have inquired very carefully into this subject in Burn's Hist of Poor-laws. In 1688 Mr Gregory King, whose skill in political arithmetic is so much extolled

by Dr Davenant, computed the ordinary income of labourers and out-servants to be fifteen pounds a year to a family, which he supposed to consist, one with another, of three and a half persons. His calculation, therefore, though different in appearance, corresponds very nearly at bottom, to that of Judge Hales. Both suppose the weekly expense of such families to be about twenty-pence a head. Both the pecuniary income and expense of such families have increased considerably since that time through the greater part of the kingdom, in some places more, and in some less, though perhaps scarce anywhere so much as some exaggerated accounts of the present wages of labour have lately represented them to the public. The price of labour, it must be observed, cannot be ascertained very accurately anywhere, different prices being often paid at the same place, and for the same sort of labour, not only according to the different abilities of the workman, but according to the easiness or hardness of the masters. Where wages are not regulated by law, all that we can pretend to determine is what are the most usual, and experience seems to show that law can never regulate them properly, though it has often pretended to do so.

The real recompense of labour, the real quantity of the necessaries and conveniences of life which it can procure to the labourer, has, during the course of the present century, increased perhaps in a still greater proportion than its money price. Not only grain has become somewhat cheaper, but many other things, from which the industrious poor derive an agreeable and wholesome variety of food, have become a great deal cheaper. Potatoes, for example, do not at present, through the greater part of the kingdom, cost half the price which they used to do thirty or forty years ago. The same thing may be said of turnips, carrots, cabbages, things which were formerly never raised but by the spade, but which now are commonly raised by the plough. All sort of garden stuff too has become cheaper. The greater part of the apples and even of the onions consumed in Great Britain were in the last century imported from Flanders. The great improvements in the coarser manufactures of both linen and woollen cloth furnish the labourers with cheaper and better clothing, and those in the manufactures of the coarser metals, with cheaper and better instruments of trade, as well as with many agreeable and convenient pieces of household furniture. Soap, salt, candles, leather and fermented liquors have indeed, become a good deal dearer, chiefly from the taxes which have been laid upon them. The quantity of these, however, which the labouring poor are under any necessity of consuming, is so very small, that the increase in their price does not compensate the diminution in that of so many other things. The common complaint that luxury extends itself even to the lowest ranks of

the people, and that the labouring poor will not now be contented with the same food, clothing, and lodging which satisfied them in former times, may convince us that it is not the money price of labour only, but its real recompense, which has augmented

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the society? The answer seems at first sight abundantly plain. Servants, labourers, and workmen of different kinds make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged.

Poverty, though it no doubt discourages, does not always prevent marriage. It seems even to be favourable to generation. A half-starved Highland woman frequently bears more than twenty children, while a pampered fine lady is often incapable of bearing any, and is generally exhausted by two or three. Barrenness, so frequent among women of fashion, is very rare among those of inferior station. Luxury in the fair sex, while it inflames perhaps the passion for enjoyment, seems almost to weaken, and frequently to destroy the powers of generation.

But poverty, though it does not prevent the generation, is extremely unfavourable to the rearing of children. The tender plant is produced, but in so cold a soil, and so severe a climate, soon withers and dies. It is not uncommon, I have been frequently told, in the Highlands of Scotland for a mother who has borne twenty children not to have two alive. Several officers of great experience have assured me, that so far from recruiting their regiment, they have never been able to supply it with drums and fifes from all the soldiers' children that were born in it. A greater number of fine children, however, is seldom seen anywhere than about a barrack of soldiers. Very few of them, it seems, arrive at the age of thirteen or fourteen. In some places one half the children born die before they are four years of age, in many places before they are seven, and in almost all places before they are nine or ten. This great mortality, however, will, everywhere be found chiefly among the children of the common people, who cannot afford to tend them with the same care as those of better station. Though their marriages are generally more fruitful than those of people of fashion, a smaller proportion of their children arrive at maturity. In foundling hospitals, and among the children brought up by parish charities, the mortality is still greater than among those of the common people.

Every species of animals naturally multiplies in proportion to their means of subsistence, and no species can ever multiply beyond it. But in civilized society it is only among the inferior ranks of people that the scantiness of subsistence can set limits to the further multiplication of the human species, and it can do so in no other way than by destroying a great part of the children which their marriages produce.

The liberal reward of labour, by enabling them to provide better for their children, and consequently to bring up a greater number, naturally tends to widen and extend those limits. It deserves to be remarked, too, that it necessarily does this as nearly as possible in the proportion which the demand for labour requires. If this demand is continually increasing, the reward of labour must necessarily encourage in such a manner the marriage and multiplication of labourers as may enable them to supply that continually increasing demand by a continually increasing population. If the reward should at any time be less than what was requisite for this purpose, the deficiency of hands would soon raise it; and if it should at any time be more, their excessive multiplication would soon lower it to this necessary rate. The market would be so much under stocked with labour in the one case, and so much over-stocked in the other, as would soon force back its price to that proper rate which the circumstances of the society required. It is in this manner that the demand for men, like that for any other commodity, necessarily regulates the production of men; quickens it when it goes on too slowly, and stops it when it advances too fast. It is this demand which regulates and determines the state of propagation in all the different countries of the world, in North America, in Europe, and in China, which renders it rapidly progressive in the first, slow and gradual in the second, and altogether stationary in the last.

The wear and tear of a slave, it has been said, is at the expense of his master, but that of a free servant is at his own expense. The wear and tear of the latter, however, is in reality as much at the expense of his master as that of the former. The wages paid to journeymen and servants of every kind must be such as may enable them, one with another, to continue the race of journeymen and servants, according as the increasing, diminishing, or stationary demand of the society may happen to require. But though the wear and tear of a free servant be equally at the expense of his master, it generally costs him much less than that of a slave. The fund destined for replacing or repairing, if I may say so, the wear and tear of the slave, is commonly managed by a negligent master or careless overseer. That destined for performing the same office with regard to the free man is managed by the free man himself. The disorders which generally prevail in the economy of

the rich naturally introduce themselves into the management of the former the strict frugality and parsimonious attention of the poor as naturally establish themselves in that of the latter Under such different management, the same purpose must require very different degrees of expense to execute it It appears, accordingly, from the experience of all ages and nations, I believe, that the work done by freemen comes cheaper in the end than that performed by slaves It is found to do so even at Boston, New York, and Philadelphia, where the wages of common labour are so very high

The liberal reward of labour, as it is the effect of increasing wealth, so it is the cause of increasing population To complain of it is to lament over the necessary effect and cause of the greatest public prosperity It deserves to be remarked that it is in the progressive state, while the society is advancing to the further acquisition, rather than when it has acquired its full complement of riches, that the condition of the labouring poor, of the great body of the people, seems to be the happiest and the most comfortable It is hard in the stationary, and miserable in the declining state The progressive state is in reality the cheerful and the hearty state to all the different orders of the society The stationary is dull, the declining melancholy

The liberal reward of labour, as it encourages the propagation, so it increases the industry of the common people The wages of labour are the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives A plentiful subsistence increases the bodily strength of the labourer, and the comfortable hope of bettering his condition, and of ending his days perhaps in ease and plenty, animates him to exert that strength to the utmost Where wages are high, accordingly, we shall always find the workmen more active, diligent, and expeditious than where they are low, in England, for example, than in Scotland, in the neighbourhood of great towns, than in remote country places Some workmen, indeed, when they can earn in four days what will maintain them through the week, will be idle the other three This, however, is by no means the case with the greater part Workmen, on the contrary, when they are liberally paid by the piece, are very apt to overwork themselves, and to ruin their health and constitution in a few years A carpenter in London, and in some other places, is not supposed to last in his utmost vigour above eight years Something of the same kind happens in many other trades, in which the workmen are paid by the piece, as they generally are in manufactures, and even in country labour, wherever wages are higher than ordinary Almost every class of artificers is subject to some peculiar infirmity occasioned by excessive application to their peculiar species

of work. Ramuzzini, an eminent Italian physician, has written a particular book concerning such diseases. We do not reckon our soldiers the most industrious set of people among us. Yet when soldiers have been employed in some particular sorts of work, and liberally paid by the piece, their officers have frequently been obliged to stipulate with the undertaker that they should not be allowed to earn above a certain sum every day, according to the rate at which they were paid. Till this stipulation was made, mutual emulation and the desire of greater gain frequently prompted them to overwork themselves, and to hurt their health by excessive labour. Excessive application during four days of the week is frequently the real cause of the idleness of the other three, so much and so loudly complained of. Great labour, either of mind or body, continued for several days together, is in most men naturally followed by a great desire of relaxation, which, if not restrained by force or by some strong necessity, is almost irresistible. It is the call of nature, which requires to be relieved by some indulgence, sometimes of ease only, but sometimes, too, of dissipation and diversion. If it is not complied with, the consequences are often dangerous, and sometimes fatal, and such as, almost always, sooner or later, bring on the peculiar infirmity of the trade. If masters would always listen to the dictates of reason and humanity, they have frequently occasion rather to moderate than to animate the application of many of their workmen. It will be found that the man who works so moderately as to be able to work constantly, not only preserves his health the longest, but, in the course of the year, executes the greatest quantity of work.

In cheap years, it is pretended, workmen are generally more idle, and in dear ones more industrious than ordinary. A plentiful subsistence, therefore, it has been concluded, relaxes, and a scanty one quickens their industry. That a little more plenty than ordinary may render some workmen idle, cannot well be doubted, but that it should have this effect upon the greater part, or that men in general should work better when they are ill fed than when they are well fed, when they are disheartened than when they are in good spirits, when they are frequently sick than when they are generally in good health, seems not very probable. Years of dearth, it is to be observed, are generally among the common people years of sickness and mortality, which cannot fail to diminish the produce of their industry.

In years of plenty, servants frequently leave their masters, and trust their subsistence to what they can make by their own industry. But the same cheapness of provisions, by increasing the fund which is destined for the maintenance of servants, encourages masters—farmers especially—to employ a greater number. Farmers upon such occasions expect more profit from their corn by

maintaining a few more labouring servants than by selling it at a low price in the market. The demand for servants increases, while the number to supply that demand diminishes. The price of labour frequently rises in cheap years.

In years of scarcity, the difficulty and uncertainty of subsistence make all such people eager to return to service. But the high price of provisions, by diminishing the funds destined for the maintenance of servants, disposes masters rather to diminish than to increase the number of those they have. In dear years, too, poor independent workmen frequently consume the little stocks with which they had used to supply themselves with the materials of their work, and are obliged to become journeymen for subsistence. More people want employment than can easily get it, many are willing to take it upon lower terms than ordinary, and the wages of both servants and journeymen frequently sink in dear years.

Masters of all sorts, therefore, frequently make better bargains with their servants in dear than in cheap years, and find them more humble and dependent in the former than in the latter. They naturally, therefore, commend the former as more favourable to industry. Landlords and farmers, besides, two of the largest classes of masters, have another reason for being pleased with dear years. The rents of the one and the profits of the other depend very much upon the price of provisions. Nothing can be more absurd, however, than to imagine that men in general should work less when they work for themselves than when they work for other people. A poor independent workman will generally be more industrious than even a journeyman who works by the piece. The one enjoys the whole produce of his own industry, the other shares it with his master. The one, in his separate independent state, is less liable to the temptations of bad company, which in large manufactures so frequently ruin the morals of the other. The superiority of the independent workman over those servants who are hired by the month or by the year, and whose wages and maintenance are the same whether they do much or do little, is likely to be still greater. Cheap years tend to increase the proportion of independent workmen to servants of all kinds, and dear years to diminish it.

A French author of great knowledge and ingenuity, Mr Messance, receiver of the tailles in the election of St. Etienne, endeavours to show that the poor do more work in cheap than in dear years, by comparing the quantity and value of the goods made upon those different occasions in three different manufactures one of coarse woollens carried on at Elbeuf one of linen, and another of silk, both which extend through the whole generality of Rouen. It appears from his account, which is copied from the

registers of the public offices, that the quantity and value of the goods made in all those three manufactures has generally been greater in cheap than in dear years, and that it has always been greatest in the cheapest and least in the dearest years. All the three seem to be stationary manufactures, or which, though their produce may vary somewhat from year to year, are upon the whole neither going backwards nor forwards.

The manufacture of linen in Scotland, and that of coarse woollens in the west riding of Yorkshire, are growing manufactures, of which the produce is generally, though with some variations, increasing both in quantity and value. Upon examining, however, the accounts which have been published of their annual produce, I have not been able to observe that its variations have had any sensible connection with the dearness or cheapness of the seasons. In 1740, a year of great scarcity, both manufactures, indeed, appear to have declined very considerably. But in 1756, another year of great scarcity, the Scotch manufacture made more than ordinary advances. The Yorkshire manufacture, indeed, declined, and its produce did not rise to what it had been in 1755 till 1766, after the repeal of the American stamp act. In that and the following year it greatly exceeded what it had ever been before, and it has continued to advance ever since.

The produce of all great manufactures for distant sale must necessarily depend, not so much upon the dearness or cheapness of the seasons in the countries where they are carried on, as upon the circumstances which affect the demand in the countries where they are consumed, upon peace or war, upon the prosperity or declension of other rival manufactures, and upon the good or bad humour of their principal customers. A great part of the extraordinary work, besides, which is probably done in cheap years, never enters the public registers of manufactures. The men servants who leave their masters become independent labourers. The women return to their parents, and commonly spin in order to make clothes for themselves and their families. Even the independent workmen do not always work for public sale, but are employed by some of their neighbours in manufactures for family use. The produce of their labour, therefore, frequently makes no figure in those public registers of which the records are sometimes published with so much parade, and from which our merchants and manufacturers would often vainly pretend to announce the prosperity or declension of the greatest empires.

Though the variations in the price of labour, not only do not always correspond with those in the price of provisions, but are frequently quite opposite, we must not, upon this account, imagine that the price of provisions has no influence upon that of labour. The money price of labour is necessarily regulated by two circum-

stances, the demand for labour, and the price of the necessaries and conveniences of life. The demand for labour, according as it happens to be increasing, stationary, or declining, or to require an increasing, stationary, or declining population, determines the quantity of the necessaries and conveniences of life which must be given to the labourer, and the money price of labour is determined by what is requisite for purchasing this quantity. Though the money price of labour, therefore, is sometimes high where the price of provisions is low, it would be higher, the demand continuing the same, if the price of provisions was high.

It is because the demand for labour increases in years of sudden and extraordinary plenty and diminishes in those of sudden and extraordinary scarcity, that the money price of labour sometimes rises in the one and sinks in the other. In a year of sudden and extraordinary plenty, there are funds in the hands of many of the employers of industry, sufficient to maintain and employ a greater number of industrious people than had been employed the year before, and this extraordinary number cannot always be had. Those masters, who want more workmen, bid against one another, in order to get them, which sometimes raises both the real and the money price of their labour.

The contrary of this happens in a year of sudden and extraordinary scarcity. The funds destined for employing industry are less than they had been the year before. A considerable number of people are thrown out of employment, who bid against one another in order to get it, which sometimes lowers both the real and money price of labour. In 1740, a year of scarcity, many people were willing to work for bare subsistence. In the succeeding years of plenty, it was more difficult to get labourers and servants.

The scarcity of a dear year, by diminishing the demand for labour, tends to lower its price, as the high price of provisions tends to raise it. The plenty of a cheap year, on the contrary, by increasing the demand, tends to raise the price of labour, as the cheapness of provisions tends to lower it. In the ordinary variations of the price of provisions, those two opposite causes seem to counter-balance one another, which is probably in part the reason why the wages of labour are everywhere so much more steady and permanent than the price of provisions.

The increase in the wages of labour necessarily increases the price of many commodities, by increasing that part of it which resolves itself into wages, and so far tends to diminish their consumption both at home and abroad. The same cause, however, which raises the wages of labour, the increase of stock, tends to increase its productive powers, and to make a smaller quantity of labour produce a greater quantity of work. The owner of the stock, which employs a great number of labourers, necessarily endeavours,

for his own advantage, to make such a proper division and distribution of employment, that they may be enabled to produce the greatest quantity of work possible. For the same reason he endeavours to supply them with the best machinery which either he or they can think of. What takes place among the labourers in a particular workhouse, takes place, for the same reason, among those of a great society. The greater their number, the more they naturally divide themselves into different classes and subdivisions of employment. More heads are occupied in inventing the most proper machinery for executing the work of each, and it is, therefore, more likely to be invented. There are many commodities, therefore, which, in consequence of these improvements, come to be produced by so much less labour than before, that the increase of its price is more than compensated by the diminution of its quantity.

CHAP IX.—*Of the Profits of Stock*.—The rise and fall in the profits of stock depend upon the same causes with the rise and fall in the wages of labour, the increasing or declining state of the wealth of the society, but those causes affect the one and the other very differently. The increase of stock, which raises wages, tends to lower profit. When the stocks of many rich merchants are turned into the same trade, their mutual competition naturally tends to lower its profit, and when there is a like increase of stock in all the different trades carried on in the same society, the same competition must produce the same effect in them all.

It is not easy, it has already been observed, to ascertain what are the average wages of labour even in a particular place and at a particular time. We can, even in this case, seldom determine more than what are the most usual wages. But even this can seldom be done with regard to the profits of stock. Profit is so very fluctuating, that the person who carries on a particular trade cannot always tell you himself what is the average of his annual profit. It is affected, not only by every variation of price in the commodities which he deals in, but by the good or bad fortune both of his rivals and of his customers, and by a thousand other accidents to which goods when carried either by sea or land, or even when stored in a warehouse, are liable. It varies, not only from year to year, but from day to day, and almost from hour to hour. To ascertain the average profit of all the different trades carried on in a great kingdom must be much more difficult, and to judge of what it may have been formerly, or in remote periods of time, with any degree of precision, must be impossible.

But though it may be impossible to determine with any degree of precision, what are or were the average profits of stock, either in the present, or in ancient times, some notion may be formed of them from the interest of money. It may be laid down as a

maxim, that wherever a great deal can be made by the use of money, a great deal will commonly be given for the use of it, and that, wherever little can be made by it, less will commonly be given for it. Accordingly, therefore, as the usual market rate of interest varies in any country, we may be assured that the ordinary profits of stock must vary with it, must sink as it sinks and rise as it rises. The progress of interest, therefore, may lead us to form some notion of the progress of profit.

By the 37th of Henry the VIII, all interest above ten per cent was declared unlawful. More, it seems, had sometimes been taken before that. In the reign of Edward VI religious zeal prohibited all interest. This prohibition, however, like others of the same kind, is said to have produced no effect, and probably rather increased than diminished the evils of usury. The statute of Henry VIII. was revived by the 13th of Elizabeth, cap 8, and ten per cent continued to be the legal rate of interest till the 21st of James I, when it was restricted to eight per cent. It was reduced to six per cent soon after the restoration, and by the 12th of Queen Anne, to five per cent. All these different statutory regulations seem to have been made with great propriety. They seem to have followed, and not to have gone before, the market rate of interest, or the rate at which the people of good credit usually borrowed. Since the time of Queen Anne, five per cent. seems to have been rather above than below the market rate. Before the late war, the Government borrowed at three per cent. and people of good credit in the capital, and in many other parts of the kingdom, at three and a half, four, and four and a half per cent.

Since the time of Henry VIII the wealth and revenue of the country have been continually advancing, and, in the course of their progress, their pace seems rather to have been gradually accelerated than retarded. They seem not only to have been going on, but to have been going on faster and faster. The wages of labour have been continually increasing during the same period, and in the greater part of the different branches of trade and manufacture the profits of stock have been diminishing. It generally requires a greater stock to carry on any sort of trade in a town than in a country village. The great stocks employed in every branch of trade, and the number of rich competitors, generally reduce the rate of profit in the former below what it is in the latter. But the wages of labour are generally higher in a great town than in a country village. In a thriving town the people who have great stocks to employ, frequently cannot get the number of workmen they want, and therefore bid against one another in order to get as many as they can, which raises the wages of labour, and lowers the profits of stock. In the remote parts of the country there is frequently not stock sufficient to employ all the people,

who therefore bid against one another in order to get employment, which lowers the wages of labour, and raises the profits of stock.

In Scotland, though the legal rate of interest is the same as in England, the market rate is rather higher. People of the best credit there seldom borrow under five per cent. Even private bankers in Edinburgh give four per cent upon their promissory notes, of which payment either in whole or in part may be demanded at pleasure. Private bankers in London give no interest for the money which is deposited with them. There are few trades which cannot be carried on with a smaller stock in Scotland than in England. The common rate of profit, therefore, must be somewhat greater. The wages of labour, it has been already observed, are lower in Scotland than in England. The country too is not only much poorer, but the steps by which it advances to a better condition, for it is evidently advancing, seem to be much slower and more tardy.

The legal rate of interest in France has not, during the course of the present century, been always regulated by the market rate. In 1720 interest was reduced from the twentieth to the fiftieth penny, or from five to two per cent. In 1724 it was raised to the thirtieth penny, or to $3\frac{1}{2}$ per cent. In 1725 it was again raised, to the twentieth penny, or to five per cent. In 1766, during the administration of Mr Laverdy, it was reduced to the twenty-fifth penny, or to four per cent. The Abbé Terray raised it afterwards to the old rate of five per cent. The supposed purpose of many of those violent reductions of interest was to prepare the way for reducing that of the *poudre bleue*, a purpose which has sometimes been executed. France is perhaps in the present times not so rich a country as England, and though the legal rate of interest has in France frequently been lower than in England, the market rate has generally been higher, for there, as in other countries, they have several very safe and easy methods of evading the law. The profits of trade, I have been assured by British merchants who have traded in both countries, are higher in France than in England, and it is no doubt upon this account that many British subjects choose rather to employ their capitals in a country where trade is in disgrace, than in one where it is highly respected. The wages of labour are lower in France than in England. When you go from Scotland to England, the difference which you may remark between the dress and countenance of the common people in the one country and in the other, sufficiently indicates the difference in their condition. The contrast is still greater when you return from France. France, though no doubt a richer country than Scotland, seems not to be going forward so fast. It is a common and even a popular opinion in the country, that it is going backwards, an opinion which, I apprehend, is ill-founded, even with

regard to France, but which nobody can possibly entertain with regard to Scotland, who sees the country now, and who may have seen it twenty or thirty years ago

The province of Holland, on the other hand, in proportion to the extent of its territory and the number of its people, is a richer country than England. The government there borrow at two per cent., and private people of good credit at three. The wages of labour are said to be higher in Holland than in England, and the Dutch, it is well known, trade upon lower profits than any people in Europe. The trade of Holland, it has been pretended by some people, is decaying, and it may perhaps be true that some particular branches of it are so. But these symptoms seem to indicate sufficiently that there is no general decay. When profit diminishes, merchants are very apt to complain that trade decays, though the diminution of profit is the natural effect of its prosperity, or of a greater stock being employed in it than before. During the late war the Dutch gained the whole carrying trade of France, of which they still retain a very large share. The great property which they possess both in the French and English funds, about forty millions, it is said, in the latter (in which I suspect, however, there is a considerable exaggeration), the great sums which they lend to private people in countries where the rate of interest is higher than in their own, are circumstances which no doubt demonstrate the redundancy of their stock, or that it has increased beyond what they can employ with tolerable profit in the proper business of their own country but they do not demonstrate that that business has decreased. As the capital of a private man, though acquired by a particular trade, may increase beyond what he can employ in it, and yet that trade continue to increase, so may likewise the capital of a great nation.

In our North American and West Indian colonies, not only the wages of labour, but the interest of money, and consequently the profits of stock, are higher than in England. In the different colonies both the legal and the market rate of interest run from six to eight per cent. High wages of labour and high profits of stock, however, are things, perhaps, which scarce ever go together, except in the peculiar circumstances of new colonies. A new colony must always for some time be more under-stocked in proportion to the extent of its territory, and more under-peopled in proportion to the extent of its stock, than the greater part of other countries. They have more land than they have stock to cultivate. What they have, therefore, is applied to the cultivation only of what is most fertile and most favourably situated, the land near the sea shore, and along the banks of navigable rivers. Such land too is frequently purchased at a price below the value even of its natural produce. Stock employed in the purchase and improve-

ment of such lands must yield a very large profit, and consequently afford to pay a very large interest. Its rapid accumulation in so profitable an employment enables the planter to increase the number of his hands faster than he can find them in a new settlement. Those whom he can find, therefore, are very liberally rewarded. As the colony increases, the profits of stock gradually diminish. When the most fertile and best situated lands have been all occupied, less profit can be made by the cultivation of what is inferior both in soil and situation, and less interest can be afforded for the stock which is so employed. In the greater part of our colonies, accordingly, both the legal and the market rate of interest have been considerably reduced during the course of the present century. As riches, improvement, and population have increased, interest has declined. The wages of labour do not sink with the profits of stock. The demand for labour increases with the increase of stock, whatever be its profits, and after these are diminished, stock may not only continue to increase, but to increase much faster than before. It is with industrious nations who are advancing in the acquisition of riches, as with industrious individuals. A great stock, though with small profits, generally increases faster than a small stock with great profits. Money, says the proverb, makes money. When you have got a little, it is often easy to get more. The great difficulty is to get that little. The connection between the increase of stock and that of industry, or of the demand for useful labour, has partly been explained already, but will be explained more fully hereafter.

The acquisition of new territory, or of new branches of trade, may sometimes raise the profits of stock, and with them the interest of money, even in a country which is fast advancing in the acquisition of riches. The stock of the country not being sufficient for the whole accession of business, which such acquisitions present to the different people among whom it is divided, is applied to those particular branches only which afford the greatest profit. Part of what had before been employed in other trade, is necessarily withdrawn from them, and turned into some of the new and more profitable ones. In all those old trades, therefore, the competition comes to be less than before. The market comes to be less fully supplied with many different sorts of goods. Their price necessarily rises more or less, and yields a greater profit to those who deal in them, who can, therefore, afford to borrow at a higher interest. For some time after the conclusion of the late war, not only private people of the best credit, but some of the greatest companies in London, commonly borrowed at five per cent. who before that had not been used to pay four, and four and a half per cent. The great accession both of territory and trade, by our acquisitions in North America and the West Indies, will sufficiently

account for this, without supposing any diminution in the capital stock of the society. So great an accession of new business to be carried on by the old stock, must necessarily have diminished the quantity employed in a great number of particular branches, in which the competition being less, the profits must have been greater. I shall hereafter have occasion to mention the reasons which dispose me to believe that the capital stock of Great Britain was not diminished even by the enormous expense of the late war.

The diminution of the capital stock of the society, or of the funds destined for the maintenance of industry, however, as it lowers the wages of labour, so it raises the profits of stock, and consequently the interest of money. By the wages of labour being lowered, the owners of what stock remains in the society can bring their goods at less expense to market than before, and less stock being employed in supplying the market than before, they can sell them dearer. Their goods cost them less, and they get more for them. Their profits, therefore, being augmented at both ends, can well afford a large interest. The great fortunes so suddenly and so easily acquired in Bengal and the other British settlements in the East Indies, may satisfy us that, as the wages of labour are very low, so the profits of stock are very high in those ruined countries. The interest of money is proportionably so. In Bengal, money is frequently lent to the farmers at forty, fifty, and sixty per cent, and the succeeding crop is mortgaged for the payment. As the profits which can afford such an interest must eat up almost the whole rent of the landlord, so such enormous usury must in its turn eat up the greater part of those profits. Before the fall of the Roman republic, a usury of the same kind seems to have been common in the provinces, under the ruinous administration of their proconsuls. The virtuous Brutus lent money in Cyprus at eight-and-forty per cent, as we learn from the letters of Cicero.

In a country which had acquired that full complement of riches which the nature of its soil and climate, and its situation with respect to other countries, allowed it to acquire, which could, therefore, advance no further, and which was not going backwards, both the wages of labour and the profits of stock would probably be very low. In a country fully peopled in proportion to what either its territory could maintain or its stock employ, the competition for employment would necessarily be so great as to reduce the wages of labour to what was barely sufficient to keep up the number of labourers, and, the country being already fully peopled, that number could never be augmented. In a country fully stocked in proportion to all the business it had to transact, as great a quantity of stock would be employed in every particular branch as the nature and extent of the trade would admit. The competition, therefore, would everywhere be as great,

and consequently the ordinary profit as low as possible. But perhaps no country has ever yet arrived at this degree of opulence. China seems to have been long stationary, and had probably long ago acquired that full complement of riches which is consistent with the nature of its laws and institutions. But this complement may be much inferior to what, with other laws and institutions, the nature of its soil, climate, and situation might admit of. A country which neglects or despises foreign commerce, and which admits the vessels of foreign nations into one or two of its ports only, cannot transact the same quantity of business which it might do with different laws and institutions. In a country too, where, though the rich or the owners of large capitals enjoy a good deal of security, the poor or the owners of small capitals enjoy scarce any, but are liable, under the pretence of justice, to be pillaged and plundered at any time by the inferior mandarins, the quantity of stock employed in all the different branches of business transacted within it, can never be equal to what the nature and extent of that business might admit. In every different branch, the oppression of the poor must establish the monopoly of the rich, who, by engrossing the whole trade to themselves, will be able to make very large profits. Twelve per cent accordingly is said to be the common interest of money in China, and the ordinary profits of stock must be sufficient to afford this large interest.

A defect in the law may sometimes raise the rate of interest considerably above what the condition of the country, as to wealth or poverty, would require. When the law does not enforce the performance of contracts, it puts all borrowers nearly upon the same footing with bankrupts or people of doubtful credit in better regulated countries. The uncertainty of recovering his money makes the lender exact the same usurious interest which is usually required from bankrupts. Among the barbarous nations who overran the western provinces of the Roman empire, the performance of contracts was left for many ages to the faith of the contracting parties. The courts of justice of their kings seldom intermeddled in it. The high rate of interest in those ancient times may be partly accounted for from this cause. When the law prohibits interest altogether, it does not prevent it. Many people must borrow, and nobody will lend without such a consideration for the use of their money as is suitable, not only to what can be made by the use of it, but to the difficulty and danger of evading the law. The high rate of interest among all Mahometan nations is accounted for by Mr. Montesquieu, not from their poverty, but partly from this, and partly from the difficulty of recovering the money.

The lowest ordinary rate of profit must always be something more than what is sufficient to compensate the occasional losses to which every employment of stock is exposed. It is this surplus

only which is nett or clear profit. What is called gross profit comprehends frequently, not only this surplus, but what is retained for compensating such extraordinary losses. The interest which the borrower can afford to pay is in proportion to the clear profit only.

The lowest ordinary rate of interest must, in the same manner, be something more than sufficient to compensate the occasional losses to which lending, even with tolerable prudence, is exposed. Were it not more, charity or friendship could be the only motives for lending.

In a country which had acquired its full complement of riches, where in every particular branch of business there was the greatest quantity of stock that could be employed in it, as the ordinary rate of clear profit would be very small, so the usual market rate of interest which could be afforded out of it, would be so low as to render it impossible for any but the very wealthiest people to live upon the interest of their money. All people of small or middling fortunes would be obliged to superintend themselves the employment of their own stocks. It would be necessary that almost every man should be a man of business, or engage in some sort of trade. The province of Holland seems to be approaching near to this state. It is there unfashionable not to be a man of business. Necessity makes it usual for almost every man to be so, and custom everywhere regulates fashion. As it is ridiculous not to dress, so is it, in some measure, not to be employed, like other people. As a civilian seems awkward in a camp, and is even in some danger of being despised there, so does an idle man among men of business.

The highest ordinary rate of profit may be such as, in the price of the greater part of commodities, eats up the whole of what should go to the rent of the land, and leaves only what is sufficient to pay the labour of preparing and bringing them to market, according to the lowest rate at which labour can anywhere be paid, the bare subsistence of the labourer. The workman must always have been fed in some way or other while he was about the work, but the landlord may not always have been paid. The profits of the trade which the servants of the company carry on in Bengal may not be very far from this rate.

The proportion which the usual market rate of interest ought to bear to the ordinary rate of clear profit, necessarily varies as profit rises or falls. Double interest is in Great Britain reckoned, what the merchants call a good, moderate, reasonable profit, terms which I apprehend mean no more than a common and usual profit. In a country where the ordinary rate of clear profit is eight or ten per cent., it may be reasonable that one-half of it should go to interest, wherever business is carried on with borrowed money. The stock is at the risk of the borrower, who, as it were, insures it to the lender, and four or five per cent. may, in the greater part of trades, be both a sufficient profit upon the risk of this insurance, and a

sufficient recompense for the trouble of employing the stock. But the proportion between interest and clear profit might not be the same in countries where the ordinary rate of profit was either a good deal lower, or a good deal higher. If it were a good deal lower, one half of it perhaps could not be afforded for interest, and more might be afforded if it were a good deal higher.

In countries which are fast advancing to riches, the low rate of profit may, in the price of many commodities, compensate the high wages of labour, and enable those countries to sell as cheap as their less thriving neighbours, among whom the wages paid for labour may be lower. In reality high profits tend much more to raise the price of work than high wages. If in the linen manufacture, for example, the wages of the different working people, the flax-dressers, the spinners, the weavers, etc., should, all of them, be advanced twopence a day, it would be necessary to heighten the price of a piece of linen only by a number of two pences equal to the number of people that had been employed about it, multiplied by the number of days during which they had been so employed. That part of the price of the commodity which resolved itself into wages would, through all the different stages of the manufacture, rise only in arithmetical proportion to this rise of wages. But if the profits of all the different employers of those working people should be raised five per cent, that part of the price of the commodity which resolved itself into profit would, through all the different stages of the manufacture, rise in geometrical proportion to this rise of profit. The employer of the flax-dressers would in selling his flax require an additional five per cent upon the whole value of the materials and wages which he advanced to his workmen. The employer of the spinners would require an additional five per cent both upon the advanced price of the flax and upon the wages of the spinners. And the employer of the weavers would require a like five per cent both upon the advanced price of the linen yarn and upon the wages of the weavers. In raising the price of commodities the rise of wages operates in the same manner as simple interest does in the accumulation of debt. The rise of profit operates like compound interest. Our merchants and master-manufacturers complain much of the bad effects of high wages in raising the price, and thereby lessening the sale of their goods both at home and abroad. They say nothing concerning the bad effects of high profits. They are silent with regard to the pernicious effects of their own gains. They complain only of those of other people.

the same neighbourhood, be either perfectly equal or continually tending to equality. If in the same neighbourhood, there was any employment evidently either more or less advantageous than the rest, so many people would crowd into it in the one case and so many would desert it in the other, that its advantages would soon return to the level of other employments. This at least would be the case in a society where things were left to follow their natural course, where there was perfect liberty, and where every man was perfectly free both to choose what occupation he thought proper, and to change it as often as he thought proper. Every man's interest would prompt him to seek the advantageous, and to shun the disadvantageous employment.

Pecuniary wages and profit, indeed, are everywhere in Europe extremely different according to the different employments of labour and stock. But this difference arises partly from certain circumstances in the employments themselves, which, either really, or at least in the imaginations of men, make up for a small pecuniary gain in some, and counter-balance a great one in others; and partly from the policy of Europe, which nowhere leaves things at perfect liberty.

PART I — *Inequalities arising from the Nature of the Employments themselves* — The five following are the principal circumstances, which, so far as I have been able to observe, make up for a small pecuniary gain in some employments, and counterbalance a great one in others. I. The agreeableness or disagreeableness of the employments themselves, II. The easiness and cheapness, or the difficulty and expense of learning them, III. The constancy or inconstancy of employment in them, IV. The small or great trust which must be reposed in those who exercise them, and V., the probability or improbability of success in them.

I. The wages of labour vary with the ease or hardship, the cleanliness or dirtiness, the honourableness or dishonourableness of the employment. Thus in most places take the year round, a journeyman tailor earns less than a journeyman weaver. His work is much easier. A journeyman weaver earns less than a journeyman smith. His work is not always easier, but it is much cleaner. A journeyman blacksmith, though an artificer, seldom earns so much in twelve hours as a collier, who is only a labourer, does in eight. His work is not quite so dirty, is less dangerous, and is carried on in daylight and above ground. Honour makes a great part of the reward of all honourable professions. In point of pecuniary gain, all things considered, they are generally under-recompensed, as I shall endeavour to show by-and-by. Disgrace has the contrary effect. The trade of a butcher is a brutal and an

odious business; but it is in most places more profitable than the greater part of trades. The master of all employments, that of public credit, is, in point of fact, the quantity of work done, better paid than any other in trade and trade.

Hunting and fishing, the pastime, &c. &c. of the inhabitants of Scotland in the rude state of society, however, in the advanced state, their most agreeable diversion is not that of the pleasure which they once followed from necessity. In the advanced state of society, therefore, they are all very poor, & who follow at a distance what other people pursue as a pursuit. But opinion has been so, since the time of Thucydides (de l'Hist. v. 3) A person to escape where a very poor man in Great Britain. In no place where the rigour of the law subjects a poor man to the stocks, &c. &c. is he in a much better condition. The master, &c. &c. &c. &c. &c. &c. makes more people follow them than can be accommodated by them, and the produce of their labour, in proportion to its quantity, comes always too cheap to master or me & anything but the most scanty subsistence to the labourer.

Disagreeableness, and inconvenience of the profits of stock in the same manner as the wages of labour. The keeper of an inn, never master of his own house, will expose it to the benefit of every drunkard, exercises nothing very lucrative nor a very creditable business. There is not a trade in which a small stock yields so great a profit.

II. The wages of labour vary as the master and cheapness, or the difficulty and expense of letting out the labour.

When an expense is incurred to put the extraordinary work to be performed by it before it is known that it must be expected, will replace the capital laid out upon it, with at least the ordinary profits. A man educated at the expense of much labour and time to any of those employments which require extraordinary dexterity and skill, may be compared to one of those expensive machines. The work which he learns to perform, it must be expected, over and above the usual wages of common labour, will replace to him the whole expense of his education, with at least the ordinary profits of an equally valuable capital. It must do this too in a reasonable time, regard being had to the very uncertain duration of the machine. The difference between the wages of skilled labour and those of common labour, is founded upon this principle. The policy of Europe considers the labour of all mechanics, artificers, and manufacturers, as skilled labour; and that of all country labourers as common labour. It seems to suppose that of the former to be of a more nice and delicate nature than that of the latter. It is so, perhaps in some cases, but in the greater part it is quite otherwise, as I shall endeavour to show by and by.

The laws and customs of Europe, therefore, in order to qualify any person for exercising the one species of labour, impose the necessity of an apprenticeship, though with different degrees of rigour in different places. They leave the other free and open to everybody. During the continuance of the apprenticeship, the whole labour of the apprentice belongs to his master. In the meantime he must, in many cases, be maintained by his parents or relations, and in almost all cases must be clothed by them. Some money too is commonly given to the master for teaching him his trade. They who cannot give money, give time, or become bound for more than the usual number of years, a consideration which, though it is not always advantageous to the master, on account of the usual idleness of apprentices, is always disadvantageous to the apprentice. In country labour, on the contrary, the labourer, while he is employed about the easier, learns the more difficult parts of his business, and his own labour maintains him through all the different stages of his employment. It is reasonable, therefore, that in Europe the wages of mechanics, artificers, and manufacturers, should be somewhat higher than those of common labourers. They are so accordingly, and their superior gains make them in most places be considered as a superior rank of people. This superiority, however, is generally very small, the daily or weekly earnings of journeymen in the more common sorts of manufactures, such as those of plain linen and woollen cloth, computed at an average are, in most places, very little more than the day wages of common labourers. Their employment is more steady and uniform, and the superiority of their earnings, taking the whole year together, may be greater. It seems evidently to be no greater than what is sufficient to compensate the superior expense of their education. Education in the ingenious arts and in the liberal professions, is still more tedious and expensive. The pecuniary recompense, therefore, of painters and sculptors, of lawyers and physicians, ought to be much more liberal. and it is so accordingly.

The profits of stock seem to be very little affected by the easiness or difficulty of learning the trade in which it is employed. All the different ways in which stock is commonly employed in great towns, seem, in reality, to be almost equally easy and equally difficult to learn. One branch either of foreign or domestic trade, cannot well be a much more intricate business than another.

III. The wages of labour in different occupations vary with the constancy or inconstancy of employment.

Employment is much more constant in some trades than in others. In the greater part of manufactures, a journeyman may be pretty sure of employment almost every day in the year that he

is able to work. A person or family, etc., on the contrary, can work neither in heat nor in cold weather, and his employment at all other times depends upon the number and state of his customers. He is liable, in consequence, to be frequently without any work. What he earns, therefore, little he is compelled, unless out only maintain him when he is idle, but makes but little recompence for those anxious and desultory moments of labour. When the computed earnings of the greater part of the labourers, according to, are nearly upon a level with the cost of maintenance of so precarious a situation must be in mind in estimation. When the labourers, those of masons and bricklayers, etc., particularly from one-half more to double the charge. When, again, labourers earn four and five shillings a week, or one and three pence, the bricklayers earn seven and eight, where the former earn nine or ten, as earn nine and ten, and where the former earn fifteen and eighteen. In London, the latter commonly earn fifteen and eighteen. No species of skilled labour, however, in the city, is less than that of masons and bricklayers. Of men in London, during the summer season, are said commonly to be employed as bricklayers. The high wages of those workmen, therefore, are not so much the recompence of their skill, as the compensation for the inconstancy of their employment.

A house carpenter seems to exert a rather a finer and more ingenious trade than a mason. In most places, however, for it is not universally so, his wages are somewhat lower. His employment, though it depends much, does not depend so entirely upon the occasional calls of his customers; and it is not so liable to be interrupted by the weather. When the trades which generally afford constant employment, happen in a particular place not to do so, the wages of the workmen always fall. A good deal above their ordinary proportion to those of common labour. In London almost all journeymen artificers are liable to be called upon and dismissed by their master, from day to day, and from week to week, in the same manner as the labourers in other places. The lowest order of artificers, though eighteenpence accordingly, earn there half a crown a-day, though eighteenpence may be reckoned the wages of common labour. In small towns and country villages, the wages of journeymen tailors are often scarce equal those of common labour, but in London they are often many weeks without employment, particularly during the summer. When the inconstancy of employment, particularly during the times of hardship, disagreeableness, and dirtiness of the work, it sometimes raises the wages of the most common labour above those of the most skilful artificers. A collier working by the piece is supposed, at Newcastle, to earn commonly about double, and in many parts of Scotland about three times, the wages of common

labour. His high wages arise altogether from the hardship, disagreeableness, and dirtiness of his work. His employment may, upon most occasions, be as constant as he pleases. The coal-heavers in London exercise a trade which in hardship, dirtiness, and disagreeableness, almost equals that of colliers, and from the unavoidable irregularity in the arrivals of coal-ships, the employment of the greater part of them is necessarily very inconstant. If colliers, therefore, commonly earn double and triple the wages of common labour, it ought not to seem unreasonable that coal-heavers should sometimes earn four and five times those wages. In the inquiry made into their condition a few years ago, it was found that at the rate at which they were then paid, they could earn from six to ten shillings a day. Six shillings are about four times the wages of common labour in London, and in every particular trade the lowest common earnings may always be considered as those of the far greater number. How extravagant soever those earnings may appear, if they were more than sufficient to compensate all the disagreeable circumstances of the business, there would soon be so great a number of competitors as in a trade which has no exclusive privilege, would quickly reduce them to a lower rate. The constancy or inconstancy of employment cannot affect the ordinary profits of stock in any trade. Whether the stock is or is not constantly employed depends, not upon the trade, but the trader.

IV The wages of labour vary according to the small or great trust which must be reposed in the workmen

The wages of goldsmiths and jewellers are everywhere superior to those of many other workmen, not only of equal, but of much superior ingenuity, on account of the precious materials with which they are necessarily intrusted. We trust our health to the physician, our fortune, and sometimes our life and reputation, to the lawyer and attorney. Such confidence could not safely be reposed in people of a very mean or low condition. Their reward must be such, therefore, as may give them that rank in the society which so important a trust requires. The long time and the great expense which must be laid out in their education, when combined with this circumstance, will necessarily enhance still further the price of their labour. When a person employs only his own stock in trade, there is no trust, and the credit which he may get from other people depends, not upon the nature of his trade, but upon their opinion of his fortune, probity, and prudence. The different rates of profit, therefore, in the different branches of trade, cannot arise from the different degrees of trust reposed in the traders.

V The wages of labour in different employments vary according to the probability or improbability of success in them

The probability that any particular person shall ever be qualified for the employment to which he is educated, is very different in different occupations. In the greater part of mechanic trades success is almost certain, but very uncertain in the liberal professions. Put your son apprentice to a shoemaker, there is little doubt of his learning to make a pair of shoes but send him to study the law, it is at least twenty to one if ever he makes such a proficiency as will enable him to live by the business. In a perfectly fair lottery, those who draw the prizes ought to gain all that is lost by those who draw the blanks. In a profession where twenty fail for one that succeeds that one ought to gain all that should have been gained by the unsuccessful twenty. The counsellor-at-law who, perhaps, at nearly forty years of age, begins to make something by his profession, ought to receive the retribution, not only of his own so tedious and expensive education, but of that of more than twenty others who are never likely to make anything by it. How extravagant soever the fees of counsellors-at-law may sometimes appear, their real retribution is never equal to this. Compute in any particular place, what is likely to be annually gained, and what is likely to be annually spent, by all the different workmen in any common trade, such as that of shoemakers or weavers, and you will find that the former sum will generally exceed the latter. But make the same computation with regard to all the counsellors and students at law, in all the different inns of court, and you will find that their annual gains bear but a very small proportion to their annual expense, even though you rate the former as high, and the latter as low, as can well be done. The lottery of the law is very far from being a perfectly fair lottery, and that, as well as many other liberal and honourable professions is, in point of pecuniary gain, under-recompensed. Those professions keep their level, however, with other occupations, and, notwithstanding these discouragements, all the most generous and liberal spirits are eager to crowd into them. Two different causes contribute to recommend them. First, the desire of the reputation which attends upon superior excellence in any of them, and, secondly, the natural confidence which every man has more or less, not only in his own abilities, but in his own good fortune.

To excel in any profession in which but few arrive at mediocrity is the most decisive mark of what is called genius or superior talents. The public admiration which attends upon such distinguished abilities, make always a part of their reward, a greater or smaller in proportion as it is higher or lower in degree. It makes a considerable part of that reward in the profession of physic, a still greater perhaps in that of law; in poetry and philosophy it makes almost the whole.

There are some very agreeable and beautiful talents of which the possession commands a certain sort of admiration, but of which the exercise for the sake of gain is considered, whether from reason or prejudice, as a sort of public prostitution. The pecuniary recompense, therefore, of those who exercise them in this manner must be sufficient not only to pay for the time, labour and expensé of acquiring the talents, but for the discredit which attends the employment of them as the means of subsistence. The exorbitant rewards of players, opera-singers, opera-dancers, etc., are founded upon those two principles, the rarity and beauty of the talents, and the discredit of employing them in this manner. It seems absurd at first sight that we should despise their persons, and yet reward their talents with the most profuse liberality. While we do the one, however, we must of necessity do the other. Should the public opinion or prejudice ever alter with regard to such occupations, their pecuniary recompense would quickly diminish. More people would apply to them, and the competition would quickly reduce the price of their labour. Such talents, though far from being common, are by no means so rare as is imagined. Many people possess them in great perfection, who disdain to make this use of them, and many more are capable of acquiring them, if anything could be made honourably by them.

The over-weaning conceit which the greater part of men have of their own abilities, is an ancient evil remarked by the philosophers and moralists of all ages. Their absurd presumption in their own good fortune has been less taken notice of. It is, however, if possible still more universal. There is no man living who when in tolerable health, and spirits, has not some share of it. The chance of gain is by every man more or less over-valued, and the chance of loss is by most men undervalued, and by scarce any man, who is in tolerable health and spirits, valued more than it is worth.

That the chance of gain is naturally overvalued, we may learn from the universal success of lotteries. The world neither ever saw nor ever will see a perfectly fair lottery, or one in which the whole gain compensated the whole loss, because the undertaker cannot make nothing by it. In the state lotteries the tickets are really not worth the price which is paid by the original subscribers, and yet commonly sell in the market for 20, 30, and sometimes 40 per cent. advance. The vain hope of gaining some of the great prizes is the sole cause of this demand. The soberest people scarce look upon it as a folly to pay a small sum for the chance of gaining ten or twenty thousand pounds, though they know that even that small sum is perhaps twenty or thirty per cent more than the chance is worth. In a lottery in which no prize exceeded £20, though in other respects it approached nearer to a perfectly fair one than the common state lotteries, there would not be the same

demand for tickets. In order to have a better chance for some of the great prizes, some people purchase several tickets, and others, small shares in a still greater number. There is not, however, a more certain proposition in mathematics than that the more tickets you adventure upon, the more likely you are to be a loser. Adventure upon all the tickets in the lottery, and you lose for certain, and the greater the number of your tickets, the nearer you approach to this certainty.

That the chance of loss is frequently undervalued, and scarce ever valued more than it is worth, we may learn from the very moderate profit of insurers. In order to make insurance either from fire or sea-risk, a trade at all, the common premium must be sufficient to compensate the common losses, to pay the expense of management, and to afford such a profit as might have been drawn from an equal capital employed in any common trade. The person who pays no more than this, evidently pays no more than the real value of the risk, or the lowest price at which he can reasonably expect to insure it. But though many people have made a little money by insurance, very few have made a great fortune, and from this consideration alone, it seems evident enough that the ordinary balance of profit and loss is not more advantageous in this, than in other common trades by which so many people make fortunes. Moderate, however, as the premium of insurance commonly is, many people despise the risk too much to care to pay it. Taking the whole kingdom at an average, nineteen houses in twenty, or rather, perhaps, ninety-nine in a hundred, are not insured from fire. Sea risk is more alarming to the greater part of people, and the proportion of ships insured to those not insured is much greater. Many sail, however, at all seasons, and even in time of war, without any insurance. This may sometimes perhaps be done without any imprudence. When a great company, or even a great merchant has twenty or thirty ships at sea, they may, as it were, insure one another. The premium saved upon them all may more than compensate such losses as they are likely to meet with in the common course of chance. The neglect of insurance upon shipping, in the same manner as upon houses, is, in most cases, the effect of no such nice calculation, but of mere rashness and presumptuous contempt of the risk run.

The contempt of risk and the presumptuous hope of success, is in no period of life more active than at the age at which you people chose their professions. How little the fear of misfortune is then capable of balancing the hope of good luck, appears more evidently in the readiness of the common people to enlist soldiers, or to go to sea, than in the eagerness of those of better fashion to enter into what are called the liberal professions. W

a common soldier may lose is obvious enough. Without regarding the danger, however, young volunteers never enlist so readily as at the beginning of a war, and though they have scarce any chance of preferment, they figure to themselves, in their youthful fancies, a thousand occasions of acquiring honour and distinction which never occur. These romantic hopes make the whole price of their blood. Their pay is less than that of common labourers, and in actual service their fatigues are much greater.

The lottery of the sea is not altogether so disadvantageous as that of the army. The son of a creditable labourer or artificer may frequently go to sea with his father's consent, but if he enlists as a soldier it is always without it. Other people see some chance of his making something by the one trade nobody but himself sees any of his making anything by the other. The great admiral is less the object of public admiration than the great general, and the highest success in the sea service promises a less brilliant fortune and reputation than equal success in the land. The same difference runs through all the inferior degrees of preferment in both. By the rules of precedence a captain in the navy ranks with a colonel in the army, but he does not rank with him in the common estimation. As the great prizes in the lottery are less, the smaller ones must be more numerous. Common sailors, therefore, more frequently get some fortune and preferment than common soldiers, and the hope of those prizes is what principally recommends the trade. Though their skill and dexterity are much superior to that of almost any artificers, and though their whole life is one continual scene of hardship and danger, yet for all this dexterity and skill, for all those hardships and dangers, while they remain in the condition of common sailors, they receive scarce any other recompense but the pleasure of exercising the one, and of surmounting the other. Their wages are not greater than those of common labourers at the port which regulates the rate of seamen's wages. As they are continually going from port to port, the monthly pay of those who sail from all the different ports of Great Britain, is more nearly upon a level than that of any other workmen in those different places, and the rate of the port to and from which the greatest number sail, that is the port of London, regulates that of all the rest. At London the wages of the greater part of the different classes of workmen are about double those of the same classes at Edinburgh. But the sailors who sail from the port of London seldom earn above three or four shillings a month more than those who sail from the port of Leith, and the difference is frequently not so great. In time of peace, and in the merchant service, the London price is from a guinea to about seven-and-twenty shillings the calendar month (in 1869, 50s to 60s). A common labourer in London, at the rate of 9 or 10 shillings a week,

may earn in the calendar month from 40 to 45 shillings. The sailor, indeed, over and above his pay, is supplied with provisions. Their value, may not perhaps always exceed the difference between his pay and that of the common labourer and though it sometimes should, the excess will not be clear gain to the sailor, because he cannot share it with his wife and family, whom he must maintain out of his wages at home

The dangers and hair-breadth escapes of a life of adventures, instead of disheartening young people, seem frequently to recommend a trade to them. A tender mother, among the inferior ranks of people, is often afraid to send her son to school at a seaport town, lest the sight of the ships, and the conversation and adventures of the sailors should entice him to go to sea. The distant prospect of hazards, from which we can hope to extricate ourselves by courage and address, is not disagreeable to us, and does not raise the wages of labour in any employment. It is otherwise with those in which courage and address can be of no avail. In trades which are known to be very unwholesome, the wages of labour are always remarkably high. Unwholesomeness is a species of disagreeableness, and its effects upon the wages of labour are to be ranked under that general head.

In all the different employments of stock, the ordinary rate of profit varies more or less with the certainty or uncertainty of the returns. These are, in general, less uncertain in the inland than in the foreign trade, and in some branches of foreign trade than in others, in the trade to North America, for example, than in that to Jamaica. The ordinary rate of profit always rises more or less with the risk. It does not, however, seem to rise in proportion to it, or so as to compensate it completely. Bankruptcies are most frequent in the most hazardous trades. The most hazardous of all trades, that of a smuggler, though when the adventure succeeds it is likewise the most profitable, is the infallible road to bankruptcy. The presumptuous hope of success seems to act here as upon all other occasions, and to entice so many adventurers into those hazardous trades, that their competition reduces their profit below what is sufficient to compensate the risk. To compensate it completely, the common returns ought, over and, above the ordinary profits of stock, not only to make up for all occasional losses, but to afford a surplus profit to the adventurers of the same nature with the profit of insurers. But if the common returns were sufficient for all, bankruptcies would not be more frequent than in other trades.

Of the five circumstances, therefore, which vary the wages of labour, two only affect the profits of stock, the agreeableness or disagreeableness of the business, and the risk or security with which it is attended. In point of agreeableness or disagree-

ableness, there is little or no difference in the far greater part of the different employments of stock, but a great deal in those of labour, and the ordinary profit of stock, though it rises with the risk, does not always seem to rise in proportion to it. It should follow from all this, that, in the same society or neighbourhood, the average and ordinary rates of profit in the different employments of stock should be more nearly upon a level than the pecuniary wages of the different sorts of labour. They are so accordingly. The difference between the earnings of a common labourer and those of a well employed lawyer or physician, is evidently much greater than that between the ordinary profits in any two different branches of trade. The difference in the profits of different trades, is generally a deception arising from not distinguishing what ought to be considered as wages, from what ought to be considered as profit.

Apothecaries' profit is become a bye-word, denoting something uncommonly extravagant. This great apparent profit, however, is frequently no more than the reasonable wages of labour. The skill of an apothecary is a much nicer and more delicate matter than that of any artificer whatever, and the trust which is reposed in him is of much greater importance. He is the physician of the poor in all cases, and of the rich when the distress or danger is not very great. His reward, therefore, ought to be suitable to his skill and his trust, and it arises generally from the price at which he sells his drugs. But the whole drugs which the best employed apothecary, in a large market town, will sell in a year, may not perhaps cost him above thirty or forty pounds. Though he should sell them, therefore, for three or four hundred, or at a thousand per cent. profit, this may frequently be no more than the reasonable wages of his labour charged, in the only way in which he can charge them, upon the price of his drugs. The greater part of the apparent profit is wages disguised in the garb of profit.

In a small seaport town, a little grocer will make forty or fifty per cent. upon a stock of a single hundred pounds, while a considerable wholesale merchant in the same place will scarce make eight or ten per cent upon a stock of ten thousand. The trade of the grocer may be necessary for the convenience of the inhabitants, and the narrowness of the market may not admit the employment of a larger capital in the business. The man, however, must not only live by his trade, but live by it suitably to the qualifications which it requires. Besides possessing a little capital, he must be able to read, write and account, and must be a tolerable judge too of perhaps fifty or sixty different sorts of goods, their prices, qualities, and the markets where they are to be had cheapest. He must have all the knowledge, in short, that is necessary for a great merchant, which nothing hinders him from becoming but the want

of a sufficient capital Thirty or forty pounds a year cannot be considered as too great a recompense for the labour of a person so accomplished Deduct this from the seemingly great profits of his capital, and little more will remain, perhaps, than the ordinary profits of stock The greater part of the apparent profit is, in this case too, real wages

The difference between the apparent profit of the retail and that of the wholesale trade, is much less in the capital than in small towns and country villages Where ten thousand pounds can be employed in the grocery trade, the wages of the grocer's labour make but a very trifling addition to the real profits of the wealthy stock The apparent profits of the wealthy retailer, therefore, are there more nearly upon a level with those of the wholesale merchant. It is upon this account that goods sold by retail are generally as cheap and frequently much cheaper in the capital than in small towns and country villages Grocery goods, for example, are generally much cheaper, bread and butcher's-meat frequently as cheap It costs no more to bring grocery goods to the great town than to the country village, but it costs a great deal more to bring corn and cattle, as the greater part of them must be brought from a much greater distance. The prime costs of grocery goods, therefore, being the same in both places, they are cheapest where the least profit is charged upon them The prime cost of bread and butcher's meat is greater in the great town than in the country village, and though the profit is less, therefore they are not always cheaper there, but often equally cheap In such articles as bread and butcher's meat, the same causes which diminishes apparent profit, increases prime cost The extent of the market, by giving employment to greater stocks, diminishes apparent profit, but, by requiring supplies from a greater distance, it increases prime cost This diminution of the one and increase of the other seem, in most cases, nearly to counterbalance one another; which is probably the reason that, though the prices of corn and cattle are very much different in different parts of the kingdom, those of bread and butcher's meat are generally very nearly the same through the greater part of it

To bring the profits of stock both in the wholesale and retail trade are generally less in the capital than in small towns and country villages, yet great fortunes are frequently acquired from small savings in the former, and scarce ever in the latter In small towns and country villages, on account of the narrowness of the market, trade cannot always be extended as stock extends. It may be very high, the sum or amount of them can never be very great, nor consequently that of his annual accumulation. In great towns, on the contrary, trade can be extended as stock

increases, and the credit of a frugal and thriving man increases much faster than his stock. His trade is extended in proportion to the amount of both, and the sum or amount of his profits is in proportion to the extent of his trade, and his annual accumulation in proportion to the amount of his profits. It seldom happens, however, that great fortunes are made even in great towns by any one regular established, and well-known branch of business, but in consequence of a long life of industry, frugality, and attention. Sudden fortunes, indeed, are sometimes made in such places by what is called the trade of speculation. The speculative merchant exercises no one regular, established, or well-known branch of business. He is a corn merchant this year, and a wine merchant the next, and a sugar, tobacco, or tea merchant the year after. He enters into every trade when he foresees that it is likely to be more than commonly profitable, and he quits it when he foresees that its profits are likely to return to the level of other trades. His profits and losses, therefore, can bear no regular proportion to those of any one established and well known branch of business. A bold adventurer may sometimes acquire a considerable fortune by two or three successful speculations, but is just as likely to lose one by two or three unsuccessful ones. This trade can be carried on nowhere but in great towns. It is only in places of the most extensive commerce and correspondence that the intelligence requisite for it can be had.

The five circumstances above mentioned, though they occasion considerable inequalities in the wages of labour and profits of stock, occasion none in the whole of the advantages and disadvantages, real or imaginary, of the different employments of either. The nature of those circumstances is such, that they make up for a small pecuniary gain in some, and counterbalance a great one in others.

In order, however, that this equality may take place in the whole of their advantages or disadvantages, three things are requisite even where there is the most perfect freedom. First, the employments must be well known and long established in the neighbourhood, secondly, they must be in their ordinary or what may be called their natural state, and, thirdly, they must be the sole or principal employments of those who occupy them.

I This equality can take place only in those employments which are well known, and have been long established in the neighbourhood.

Where all other circumstances are equal, wages are generally higher in new than in old trades. When a projector attempts to establish a new manufacture, he must at first entice his workmen from other employments by higher wages than they can either earn in their own trades, or than the nature of his work would other-

wise require, and a considerable time must pass away before he can venture to reduce them to the common level. Manufactures, for which the demand arises altogether from fashion and fancy, are continually changing, and seldom last long enough to be considered as old established manufactures. Those, on the contrary, for which the demand arises chiefly from use or necessity, are less liable to change, and the same form or fabric may continue in demand for whole centuries together. The wages of labour, therefore, are likely to be higher in manufactures of the former, than in those of the latter kind. Birmingham deals chiefly in manufactures of the former kind, Sheffield in those of the latter; and the wages of labour in those two different places, are said to be suitable to this difference in the nature of their manufactures.

The establishment of any new manufacture, of any new branch of commerce, or of any new practice in agriculture, is always a speculation, from which the projector promises himself extraordinary profits. These profits sometimes are very great, and sometimes, more frequently perhaps, they are quite otherwise, but in general they bear no regular proportion to those of other old trades in the neighbourhood. If the project succeeds, they are commonly at first very high. When the trade or practice becomes thoroughly established and well known, the competition reduces them to the level of other trades.

II. This equality in the whole of the advantages and disadvantages of the different employments of labour and stock, can take place only in the ordinary, or the natural state of those employments.

The demand for almost every different species of labour is sometimes greater and sometimes less than usual. In the one case the advantages of the employment rise above, in the other they fall below, the common level. The demand for country labour is greater at hay-time and harvest, than during the greater part of the year, and wages rise with the demand. In time of war, when forty or fifty thousand sailors are forced from the merchant service into that of the king, the demand for sailors to merchant ships necessarily arises with their scarcity, and their wages upon such occasions commonly rise from a guinea and seven-and-twenty shillings, to forty shillings and three pounds a month. In a decaying manufacture, on the contrary, many workmen, rather than quit their old trade, are contented with smaller wages than would otherwise be suitable to the nature of their employment.

The profits of stock vary with the price of the commodities in, which it is employed. As the price of any commodity rises above the ordinary or average rate, the profits of at least some part of the stock that is employed in bringing it to market, rise above their proper level, and as it falls they sink below it. All com-

modities are more or less liable to variations of price, but some are much more so than others. In all commodities which are produced by human industry, the quantity of industry annually employed is necessarily regulated by the annual demand, in such a manner that the average annual produce may, as nearly as possible, be equal to the average annual consumption. In some employments, it has already been observed, the same quantity of industry will always produce the same, or very nearly the same quantity of commodities. In the linen or woollen manufactures, for example, the same number of hands will annually work up very nearly the same quantity of linen and woollen cloth. The variations in the market price of such commodities, therefore, can arise only from some accidental variation in the demand. A public mourning raises the price of black cloth. But as the demand for most sorts of plain linen and woollen cloth is pretty uniform, so is likewise the price. But there are other employments in which the same quantity of industry will not always produce the same quantity of commodities. The same quantity of industry, for example, will, in different years, produce very different quantities of corn, wine, hops, sugar, tobacco, etc. The price of such commodities, varies not only with the variations of demand, but with the much greater and more frequent variations of quantity, and is extremely fluctuating. But the profit of some of the dealers must fluctuate with the price of the commodities. The operations of the speculative merchant are principally employed about such commodities. He endeavours to buy them up when he foresees that their price is likely to rise, and to sell them when it is likely to fall.

III. This equality in the whole of the advantages and disadvantages of different employments of labour and stock, can take place only in such as are the sole or principal employments of those who occupy them.

When a person derives his substance from one employment, which does not occupy the greater part of his time, in the intervals of his leisure he is often willing to work at another for less wages than would otherwise suit the nature of the employment.

There still subsists in many parts of Scotland a set of people called cotters or cottagers, though they were more frequent some years ago than they are now (*Few such exist in 1869*). They are a sort of out-servants of the landlords and farmers. The usual reward which they receive from their masters is a house, a small garden for pot herbs, as much grass as will feed a cow, and, perhaps, an acre or two of bad arable land. When their master has occasion for their labour, he gives them, besides, two pecks of oatmeal a week, worth about fifteen-pence sterling. During a great part of the year he has little or no occasion for their labour, and the cultivation of their own little possession is not sufficient

to occupy the time which is left to them in it, but if labourers were more numerous than they are at present, they are said to have been willing to give them a wage far less than recompence to any body, and to have wanted still less wages than other labourers. In an extent to meet this, it is not uncommon for landlords, in countries where the rent of land is more extensively all over Europe. In countries where the rent of land is more extensively provided themselves with the extra labour to make up the difference which the greater part of labourers require at certain rates of rent, or rarely masters, was evidently not the whole cause of this. This, it may or weekly recompence however, is to have increased the price of labour and provisions in ancient times, and when there was pleasure in representing both as plentifully to be had at the cheapest to market than would otherwise be suitable to them. The king, in many parts of Scotland are paid much cheaper than any where be wrought upon the loom. In the first part of their subsistence and labourers, who derive the principal part of it from Scotland, from some other employment imported into both of which the price is stockings are annually imported into both of which the price is from sixpence to sevenpence a pair. At Fermanagh, the small capital of the Shetland islands, tenpence a day is a common price of common labour. In the same island, and upwards, according to the value of a guinea, in the market is generally in extensio, that any one trade is sufficient to employ the whole labour and stock of those who occupy it. Instances of people living by one employment, and at the same time deriving some little advantage from another, occur chiefly in poor countries. The following instance, however, of something of the same kind is to be found in the capital of a very rich one. There is no city in Europe, I believe, in which house rent is dearer than in London than in Paris, it is much cheaper than in Edinburgh, the dearness of house rent is the cause of the cheapness of lodging. The causes which render it dear in all great capitals, the dearness of labour, the dearness of all the materials of building, which must generally be brought from a great distance, and above all the dearness of ground rent, every landlord acting the part of a monopolist, and frequently exacting a higher rent for a single acre of land in a

In opulent countries the market is generally in extensio, that any one trade is sufficient to employ the whole labour and stock of those who occupy it. Instances of people living by one employment, and at the same time deriving some little advantage from another, occur chiefly in poor countries. The following instance, however, of something of the same kind is to be found in the capital of a very rich one. There is no city in Europe, I believe, in which house rent is dearer than in London than in Paris, it is much cheaper than in Edinburgh, the dearness of house rent is the cause of the cheapness of lodging. The causes which render it dear in all great capitals, the dearness of labour, the dearness of all the materials of building, which must generally be brought from a great distance, and above all the dearness of ground rent, every landlord acting the part of a monopolist, and frequently exacting a higher rent for a single acre of land in a

town, than can be had for a hundred of the best in the country, but it arises in part from the peculiar manners and customs of the people, which oblige every master of a family to hire a whole house from top to bottom. A dwelling house in England means everything that is contained under the same roof. In France, Scotland, and many other parts of Europe, it frequently means no more than a single story. A tradesman in London is obliged to hire a whole house in that part of the town where his customers live. His shop is upon the ground floor, and he and his family sleep in the garret, and he endeavours to pay a part of his house rent by letting the two middle stories to lodgers. He expects to maintain his family by his trade, and not by his lodgers. Whereas, at Paris and Edinburgh, the people who let lodgings have commonly no other means of subsistence, and the price of the lodging must pay, not only the rent of the house, but the whole expense of the family.

PART II — Inequalities occasioned by the Policy of Europe — Such are the inequalities in the whole of the advantages and disadvantages of the different employments of labour and stock, which the defect of any of the three requisites above mentioned must occasion, even where there is the most perfect liberty. But the policy of Europe, by not leaving things at perfect liberty, occasions other inequalities of much greater importance.

It does this chiefly in the three following ways. First, by restraining the competition in some employments to a smaller number than would otherwise be disposed to enter into them, secondly, by increasing it in others beyond what it naturally would be; and, thirdly, by obstructing the free circulation of labour and stock, both from employment to employment and from place to place.

I. The policy of Europe occasions a very important inequality in the whole of the advantages and disadvantages of the different employments of labour and stock, by restraining the competition to a smaller number than might otherwise be disposed to enter into them.

The exclusive privileges of corporations are the principal means it makes use of for this purpose.

The exclusive privilege of an incorporated trade necessarily restrains the competition, in the town where it is established, to those who are free of the trade. To have served an apprenticeship in the town, under a master properly qualified, is commonly the necessary requisite for obtaining this freedom. The bye-laws of the corporation regulate sometimes the number of apprentices which any master is allowed to have, and almost always the number of years which each apprentice is obliged to serve. The

intention of both regulations is to restrain the competition to a much smaller number than might otherwise be disposed to enter into the trade. The limitation of the number of apprentices restrains it directly. A long term of apprenticeship restrains it indirectly, but as effectually, by increasing the expense of education.

In Sheffield no master cutler can have more than one apprentice at a time, by a bye law of the corporation. In Norfolk and Norwich no master weaver can have more than two apprentices under pain of forfeiting five pounds a month to the king. No master hatter can have more than two apprentices anywhere in England, or in the English plantations, under pain of forfeiting five pounds a month, half to the king, and half to him who shall sue in any court of record. Both these regulations, though they have been confirmed by a public law of the kingdom, are evidently dictated by the same corporation spirit which enacted the bye law of Sheffield. The silk weavers in London had scarce been incorporated a year, when they enacted a bye law, restraining any master from having more than two apprentices at a time. It required a particular act of parliament to rescind this bye-law.

Seven years seem anciently to have been, all over Europe, the usual term established for the duration of apprenticeships in the greater part of incorporated trades. All such incorporations were anciently called universities, which indeed is the proper Latin name for any incorporation whatever. The university of smiths, the university of tailors, etc., are expressions which we commonly meet with in the old charters of ancient towns. When those particular incorporations which are now peculiarly called universities were first established, the term of years which it was necessary to study, in order to obtain the degree of master of arts, appears evidently to have been copied from the term of apprenticeship in common trades, of which the incorporations were much more ancient. As to have wrought 7 years under a master properly qualified was necessary, in order to entitle any person to become a master, and to have himself apprentices in a common trade, so to have studied 7 years under a master properly qualified, was necessary to entitle him to become a master, teacher, or doctor (words anciently synonymous) in the liberal arts, and to have scholars or apprentices (words originally synonymous) to study under him.

By the 5th of Elizabeth, commonly called the Statute of Apprenticeship, it was enacted that no person should for the future exercise any trade, craft, or mystery at that time exercised in England, unless he had previously served to it an apprenticeship, of seven years at least, and what before had been the bye-law of many particular corporations, became in England the general and public law of all trades carried on in market towns. For though

the words of the statute (*repealed 1814*) are very general, and seem plainly to include the whole kingdom, by interpretation its operation has been limited to market towns, it having been held that in country villages a person may exercise several different trades, though he has not served a seven years' apprenticeship to each, they being necessary for the convenience of the inhabitants, and the number of people frequently not being sufficient to supply each with a particular set of hands.

By a strict interpretation of the words, too, the operation of this statute has been limited to those trades which were established in England before the 5th of Elizabeth, and has never been extended to such as have been introduced since that time. This limitation has given occasion to several distinctions which, considered as rules of police, appear as foolish as can well be imagined. It has been adjudged, for example, that a coachmaker can neither himself make, nor employ journeymen to make, his coach-wheels, but must buy them of a master wheelwright, this latter trade having been exercised in England before the 5th of Elizabeth. But a wheelwright, though he has never served an apprenticeship to a coachmaker, may either himself make or employ journeymen to make coaches, the trade of a coachmaker not being within the statute, because not exercised in England at the time when it was made. The manufactures of Manchester, Birmingham, and Wolverhampton, are many of them, upon this account, not within the statute, not having been exercised in England before the 5th of Elizabeth.

In France the duration of apprenticeships is different in different towns and in different trades. In Paris five years is the term required in a great number, but before any person can be qualified to exercise the trade as a master, he must, in many of them, serve five years more as a journeyman. During this latter term he is called the companion of his master, and the term itself is called his companionship.

In Scotland there is no general law which regulates universally the duration of apprenticeships. The term is different in different corporations. Where it is long, a part of it may generally be redeemed by paying a small fine. In most towns, too, a very small fine is sufficient to purchase the freedom of any corporation. The weavers of linen and hempen cloth, the principal manufactures of the country, as well as all other artificers subservient to them—wheelmakers, reelmakers, etc.—may exercise their trades in any town corporate without paying any fine. In all towns corporate all persons are free to sell butcher's meat upon any lawful day of the week. Three years is in Scotland a term of apprenticeship in some very nice trades, and I know of no country in Europe in which corporation laws are so little oppressive.

The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands, and to hinder him from employing this strength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty both of the workman and of those who might be disposed to employ him. As it hinders the one from working it what he thinks proper, so it hinders the others from employing whom they think proper. To judge whether he is fit to be employed, may surely be trusted to the discretion of the employers. The selected anxiety of the law giveth lest they should employ an improper person, is evidently as impertinent as it is oppressive.

The institution of long apprenticeships can give no security that insufficient workmanship shall not frequently be exposed to public sale. When this is done it is generally the effect of fraud, and not of inability, and the longest apprenticeship can give no security against fraud. Quite different regulations are necessary to prevent this abuse. The sterling mark on plate and the stamps on linen and woollen cloth, give the purchaser much greater security than any statute of apprenticeship. He generally looks at these, but never thinks it worth while to inquire whether the workmen had served a seven years' apprenticeship.

The institution of long apprenticeships has no tendency to form young people to industry. A journeyman who works by the piece is likely to be industrious, because he derives a benefit from every exertion of his industry. An apprentice is likely to be idle, and almost always is so, because he has no immediate interest to be otherwise. In the inferior employments, the sweets of labour consist altogether in the recompence of labour. They who are soonest in a condition to enjoy the sweets of it are likely soonest to conceive a relish for it, and to acquire the early habit of industry. A young man naturally conceives an aversion to labour when for a long time he receives no benefit from it. The boys who are put out apprentices from public charities are generally bound for more than the usual number of years, and they generally turn out very idle and worthless.

Apprenticeships were altogether unknown to the ancients. The reciprocal duties of master and apprentice make a considerable article in every modern code. The Roman law is perfectly silent with regard to them. I know no Greek or Latin word, (I might venture, I believe, to assert that there is none) which expresses the idea we now annex to the word apprentice, a servant bound to work at a particular trade for the benefit of a master, during a term of years, upon condition that the master shall teach him that trade.

Long apprenticeships are altogether unnecessary. The arts, which are much superior to common trades, such as those of making clocks and watches, contain no such mystery as to require a long course of instruction. The first invention of such beautiful machines, indeed, and even that of some of the instruments employed in making them, must, no doubt, have been the work of deep thought and long time, and may justly be considered as among the happiest efforts of human ingenuity. But when both have fairly been invented, and are well understood, to explain to any young man, in the completest manner, how to apply the instruments and how to construct the machines, cannot well require more than the lessons of a few weeks—perhaps those of a few days might be sufficient. In the common mechanic trades, those of a few days might certainly be sufficient. The dexterity of hand, indeed, even in common trades, cannot be acquired without much practice and experience. But a young man would practise with much more diligence and attention if from the beginning he wrought as a journeyman, being paid in proportion to the little work which he could execute, and paying in his turn for the materials which he might sometimes spoil through awkwardness and inexperience. His education would generally in this way be more effectual, and always less tedious and expensive. The master, indeed, would be a loser. He would lose all the wages of the apprenticeship, which he now saves for seven years together. In the end, perhaps, the apprentice himself would be a loser. In a trade so easily learnt he would have more competitors, and his wages, when he came to be a complete workman, would be much less than at present. The same increase of competition would reduce the profits of the masters as well as the wages of the workmen. The trades, the crafts, the mysteries, would all be losers. But the public would be a gainer, the work of all artificers coming in this way much cheaper to market.

It is to prevent this reduction of price, and consequently of wages and profit, by restraining that free competition which would most certainly occasion it, that all corporations, and the greater part of corporation laws, have been established. In order to erect a corporation, no other authority in ancient times was requisite in many parts of Europe but that of the town corporate in which it was established. In England, indeed, a charter from the king was likewise necessary. But this prerogative of the crown seems to have been reserved rather for extorting money from the subject than for the defence of the common liberty against such oppressive monopolies. Upon paying a fine to the king, the charter seems generally to have been readily granted, and when any particular class of artificers or traders thought proper to act as a corporation without a charter, such adulterine guilds, as they were called, were not always disfranchised upon that account, but obliged to fine

annually to the king for permission to exercise their usurped privileges (Madox Firma Burgi, p 26.) The immediate inspection of all corporations, and of the bye-laws which belonged to the town corporate in which they were established, and whatever discipline was exercised over them proceeded commonly, not from the king, but from that greater incorporation of which those subordinate ones were only parts or members

The government of towns corporate was altogether in the hands of traders and artificers, and it was the manifest interest of every particular class of them to prevent the market from being overstocked, as they commonly express it, with their own particular species of industry, which is in reality to keep it always understocked. Each class was eager to establish regulations proper for this purpose, and, provided it was allowed to do so, was willing to consent that every other class should do the same. In consequence of such regulations, indeed, each class was obliged to buy the goods they had occasion for from every other within the town, somewhat dearer than they otherwise might have done. But in recompense, they were enabled to sell their own just as much dearer, so that so far it was as broad as long, as they say, and in the dealings of the different classes within the town with one another none of them were losers by these regulations. But in their dealings with the country they were all great gainers; and in these latter dealings consists the whole trade which supports and enriches every town

Every town draws its whole subsistence, and all the materials of its industry, from the country. It pays for these chiefly in two ways first, by sending back to the country a part of those materials wrought up and manufactured, in which case their price is augmented by the wages of the workmen, and the profits of their masters or immediate employers, secondly, by sending to it a part both of the rude and manufactured produce, either of other countries, or of distant parts of the same country, imported into the town, in which case, too, the original price of those goods is augmented by the wages of the carriers or sailors, and by the profits of the merchants who employ them. In what is gained upon the first of those two branches of commerce, consists the advantage which the town makes by its manufactures, in what is gained upon the second, the advantage of its inland and foreign trade. The wages of the workmen, and the profits of their employers, make up the whole of what is gained upon both. Whatever regulations, therefore, tend to increase those wages and profits beyond what they otherwise would be, tend to enable the town to purchase, with a smaller quantity of its labour, the produce of a greater quantity of the labour of the country. They give the

traders and artificers in the town an advantage over the landlords, farmers, and labourers in the country, and break down the natural equality which would otherwise take place in the commerce which is carried on between them. The whole annual produce of the labour of the society is annually divided between those two different sets of people. By means of those regulations a greater share of it is given to the inhabitants of the town than would otherwise fall to them, and a less to those of the country.

The price which the town really pays for the provisions and materials annually imported into it, is the quantity of manufactures and other goods annually exported from it. The dearer the latter are sold, the cheaper the former are bought. The industry of the town becomes more, and that of the country less advantageous.

That the industry which is carried on in towns is, everywhere in Europe, more advantageous than that which is carried on in the country, without entering into any very nice computations, we may satisfy ourselves by one very simple and obvious observation. In every country in Europe we find, at least, a hundred people who have acquired great fortunes from small beginnings by trade and manufactures, the industry which properly belongs to towns, for one who has done so by that which properly belongs to the country, the raising of rude produce by the improvement and cultivation of land. Industry, therefore, must be better rewarded, the wages of labour and the profits of stock must evidently be greater in the one situation than in the other. But stock and labour naturally seek the most advantageous employment. They naturally, therefore, resort as much as they can to the town, and desert the country.

The inhabitants of a town, being collected into one place, can easily combine together. The most insignificant trades carried on in towns have accordingly, in some place or other, been incorporated, and even where they have never been incorporated, yet the corporation spirit, the jealousy of strangers, the aversion to take apprentices, or to communicate the secret of their trade generally prevail in them, and often teach them, by voluntary association, and agreements, to prevent that free competition which they cannot prohibit by bye-laws. The trades which employ but a small number of hands, run most easily into such combinations. Half a dozen wool-combers, perhaps, are necessary to keep 1,000 spinners and weavers at work. By combining not to take apprentices, they engross the employment but reduce the whole manufacture into a sort of slavery to themselves, and raise the price of their labour much above what is due to the nature of their work.

The inhabitants of the country dispersed in distant places, cannot easily combine together. They have not only never been incorporated, but the corporation spirit never has prevailed among them. No apprenticeship has ever been thought necessary to

ON CAUSES OF THE WEALTH OF NATIONS.

qualify for husbandry, the great trade of the country. After which are called the fine arts, and the liberal professions, however, there is perhaps no trade which requires so great a variety of knowledge and experience. The innumerable may satisfy us, that among them written upon it in all languages, it has never been those volumes wisest and most learned nations. And knowledge of its various matter very easily understood. And commonly possessed even by we shall in vain attempt to collect that commonly possessed even by and complicated operations which contemptuously affect to speak the common farmer, how contemptuously mechanic trade, on the temptible authors of some of them may not be as few pages, as it of him. There is scarce any common mechanick completely and contrari, of which all the operations of a very few figures. In distinctly explained in a pamphlet publishing by the French academy of is possible for words illustrated by figures to explain academy of the history of the arts now actually explained in this manner, sciences, several of them are actually explained in this manner, The direction of the weather is well as with many other accidents, every change of the weather is well as with many other accidents, which are always the same or very nearly the same, requires much more judgment and discretion, than that of those Not only the art of the farmer, the general operations of husbandry, but many more, labour, require much more, part of mechanic art, and the like, on, "and

which are always the same or very nearly the same. Not only the art of the farmer, the general direction of the operations of husbandry, but many inferior branches of country labour, require much more skill and experience than the greater part of mechanic trades. The man who works upon materials of which the iron, works with instruments the same, or very nearly the same. But the man who ploughs the ground with a team of horses or oxen, works with instruments of which the health, strength, and temper, are very different upon different occasions. The variable as that of the materials which he works upon too is as both require to be managed with much judgment and discretion. The common ploughman, though generally defective in his judgment and ignorance, is seldom indeed. His voice and language are more uncouth and more difficult to be understood, however, being accustomed to consider a greater variety of objects, is generally much superior to that of the other, whose whole attention one or two very simple operations commonly occupied in performing the lower ranks of people in the town, is well known to every man whom either business or curiosity has led to converse much with both. In China and Hindostan both the rank and the wages

of country labourers are superior to those of the greater part of artificers and manufacturers. They would probably be so everywhere if corporation-laws and the corporation spirit did not prevent it. The superiority which the industry of the towns has everywhere in Europe over that of the country, is not altogether owing to corporations and corporation laws. It is supported by many other regulations. The high duties upon foreign manufactures and upon all goods imported by alien merchants, all tend to the same purpose. Corporation laws enable the inhabitants of towns to raise their prices without fearing to be undersold by the free competition of their own countrymen. Those other regulations secure them equally against that of foreigners. The enhancement of price occasioned by both is everywhere finally paid by the landlords, farmers, and labourers of the country, who have seldom opposed the establishment of such monopolies. They have commonly neither inclination nor fitness to enter into combinations, and the clamour and sophistry of merchants and manufacturers easily persuade them that the private interest of a part, and of a subordinate part of the society, is the general interest of the whole.

In Great Britain the superiority of the industry of the towns over that of the country seems to have been greater formerly than in the present times. The wages of country labour approach nearer to those of manufacturing labour, and the profits of stock employed in agriculture to those of trading and manufacturing stock, than they are said to have done in the last century, or in the beginning of the present. This change may be regarded as the necessary, though very late consequence of the extraordinary encouragement given to the industry of the towns. The stock accumulated in them comes in time to be so great that it can no longer be employed with the ancient profit in that species of industry which is peculiar to them. That industry has its limits like every other, and the increase of stock by increasing the competition, necessarily reduces the profit. The lowering of profit in the town forces out stock to the country, where, by creating a new demand for country labour, it necessarily raises its wages. It then spreads itself, if I may say so, over the face of the land, and by being employed in agriculture is in part restored to the country at the expense of which, in a great measure, it had originally been accumulated in the town. That everywhere in Europe the greatest improvements of the country have been owing to such overflowings of the stock originally accumulated in the towns, I shall endeavour to show hereafter, and at the same time to demonstrate, that though some countries have by this course attained to a considerable degree of opulence, it is in itself necessarily slow, uncertain, liable to be disturbed and interrupted.

by innumerable accidents, and in every respect contrary to the order of nature and of reason. The interests, prejudices, furs, and customs which have given occasion to it, I shall endeavour to explain as fully and distinctly as I can in the third and fourth books of this inquiry.

People of the same trade seldom meet together even for merriment and diversion, but the conversation ends in a conspiracy against the public, or on some contrivance to raise prices. It is impossible indeed to prevent such meetings by any law which either could be executed or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies, much less to render them necessary. A regulation which obliges all those of the same trade in a particular town to enter their names and places of abode in a public register, facilitates such assemblies. It connects individuals who might never otherwise be known to one another, and gives every man of the trade a direction where to find every other man of it. A regulation which enables those of the same trade to tax themselves in order to provide for their poor, their sick, their widows and orphans, by giving them a common interest to manage, may also render such assemblies necessary. An incorporation not only renders them necessary, but makes the act of the majority binding upon the whole. In a free trade an effectual combination cannot be established but by the unanimous consent of every single trader, and it cannot last any longer than every single trader continues of the same mind. The majority of a corporation cannot enact a bye law with proper penalties, which will limit the competition more effectually, and more durably than any voluntary combination whatever. The pretence that corporations are necessary for the better government of the trade, is without any foundation. The real and effectual discipline which is exercised over a workman, is not that of his corporation but that of his customers. It is the fear of losing their employment which restrains his frauds and corrects his negligence. An exclusive corporation necessarily weakens the force of this discipline. A particular set of workmen must then be employed, let them behave well or ill. It is upon this account, that in many large incorporated towns no tolerable workmen are to be found, even in some of the most necessary trades. If you would have your work tolerably executed, it must be done in the suburbs, where the workmen, having no exclusive privilege, have nothing but their character to depend upon, and you must then smuggle into the town as well as you can.

It is in this manner that the policy of Europe, by restraining the competition in some employments to a smaller number than would

otherwise be disposed to enter into them, occasions a very important inequality in the whole of the advantages and disadvantages of the different employments of labour and stock

II The policy of Europe, by increasing the competition in some employments beyond what it naturally would be, occasions another inequality of an opposite kind in the whole of the advantages and disadvantages of the different employments of labour and stock

It has been considered as of so much importance that a proper number of young people should be educated for certain professions, that, sometimes the public, and sometimes the piety of private founders have established many pensions, scholarships, exhibitions, bursaries, etc., for this purpose, which draw many more people into those trades than could otherwise pretend to follow them. In all Christian countries, I believe, the education of the greater part of churchmen is paid for in this manner. Very few of them are educated altogether at their own expense. The long, tedious, and expensive education, therefore, of those who are, will not always procure them a suitable reward, the church being crowded with people who, in order to get employment, are willing to accept of a much smaller recompence than what such an education would otherwise have entitled them to, and in this manner the competition of the poor takes away the reward of the rich. It would be indecent, no doubt, to compare either a curate or a chaplain with a journeyman in any common trade. The pay of a curate or chaplain, however, may very properly be considered as of the same nature with the wages of a journeyman. They are, all three, paid for their work according to the contract which they may happen to make with their respective superiors. Till after the middle of the fourteenth century, five merks, containing about as much silver as ten pounds of our present money, was in England the usual pay of a curate or a stipendiary parish priest, as we find it regulated by the decrees of several different national councils. At the same period, fourpence a day, containing the same quantity of silver as a shilling of our present money, was declared to be the pay of a master mason, and threepence a day, equal to ninepence of our present money, that of a journeyman mason (Statute of labourers, 25 Ed III.) The wages of both these labourers, therefore, supposing them to have been constantly employed, were much superior to those of the curate. The wages of the master mason, supposing them to have been without employment one-third of the year, would have fully equalled them. By the 12th of Queen Anne, c. 12, it is declared, 'That whereas for want of sufficient maintenance and encouragement to curates, the cures have in several places been meanly supplied, the bishop is, therefore, empowered to appoint by

miserable recompence, to the entire degradation of the now respectable professions of law and physic.

That unprosperous race of men commonly called men of letters, are pretty much in the situation which lawyers and physicians probably would be in upon the foregoing supposition. In every part of Europe the greater part of them have been educated for the church, but have been hindered by different reasons from entering into holy orders. They have generally, therefore, been educated at the public expense, and their numbers are everywhere so great as commonly to reduce the price of their labour to a very paltry recompence.

Before the invention of the art of printing, the only employment by which a man of letters could make anything by his talents, was that of a public or a private teacher, or by communicating to other people the curious and useful knowledge which he had acquired himself. And this is still surely a more honourable, a more useful, and in general, even a more profitable employment than that other of writing for a bookseller, to which the art of printing has given occasion. The time and study, the genius, knowledge, and application requisite to qualify an eminent teacher of the sciences, are at least equal to what is necessary for the greatest practitioners in law and physic. But the usual reward of the eminent teacher bears no proportion to that of the lawyer or physician, because the trade of the one is crowded with indigent people who have been brought up to it at the public expense, whereas those of the other two are encumbered with very few who have not been educated at their own. - The usual recompence of public and private teachers, small as it may appear, would be less than it is, if the competition of those yet more indigent men of letters who write for bread was not taken out of the market. Before the invention of the art of printing, a scholar and a beggar seem to have been terms nearly synonymous. The different governors of the universities before that time appear to have often granted licences to their scholars to beg.

In ancient times, before any charities of this kind had been established for the education of indigent people to the learned professions, the rewards of eminent teachers appear to have been much more considerable. Isocrates, in what is called his discourse against the sophists, reproaches the teachers of his own times with inconsistency. 'They make the most magnificent promises to their scholars,' says he, 'and undertake to teach them to be wise, to be happy, and to be just, and in return for so important a service they stipulate the paltry reward of four or five minæ. They who teach wisdom,' continues he, 'ought certainly to be wise themselves, but if any man were to sell such a bargain for such a price, he would be convicted of the most evident folly.' He certainly does not mean here to exaggerate

constitution of those schools and colleges, in which education is carried on, was more reasonable than it is at present through the greater part of Europe.

III The policy of Europe, by obstructing the free circulation of labour and stock, both from employment to employment, and from place to place, occasions in some cases a very inconvenient inequality in the whole of the advantages and disadvantages of their different employments. The statute of apprenticeship obstructs the free circulation of labour from one employment to another, even in the same place. The exclusive privileges of corporations obstruct it from one place to another, even in the same employment.

It frequently happens that while high wages are given to the workmen in one manufacture, those in another are obliged to content themselves with bare subsistence. The one is in an advancing state, and has, therefore a continual demand for new hands, the other is in a declining state, and the superabundance of hands is continually increasing. Those two manufactures may sometimes be in the same town, and sometimes in the same neighbourhood, without being able to lend the least assistance to one another. The statute of apprenticeship may oppose it in the one case, and both that and an exclusive corporation in the other. In many different manufactures, however, the operations are so much alike, that the workmen could easily change trades with one another, if those absurd laws did not hinder them. The arts of weaving plain linen and plain silk, for example, are almost entirely the same. That of weaving plain woollen is somewhat different, but the difference is so insignificant, that either a linen or a silk weaver might become a tolerable workman in a very few days. If any of those three capital manufactures, therefore, were decaying, the workmen might find a resource in one of the other two which was in a more prosperous condition, and their wages would neither rise too high in the thriving, nor sink too low in the decaying manufacture. The linen manufacture indeed is, in England, by a particular statute, open to everybody, but as it is not much cultivated through the greater part of the country, it can afford no general resource to the workmen of other decaying manufactures, who, wherever the statute of apprenticeship takes place, have no other choice but either to come upon the parish, or to work as common labourers, for which, by their habits, they are much worse qualified than for any sort of manufacture that bears any resemblance to their own. They generally, therefore, choose to come upon the parish.

Whatever obstructs the free circulation of labour from one employment to another, obstructs that of stock likewise, the quantity of stock which can be employed in any branch of

SMITH ON CAUSES OF THE WEALTH OF NATIONS.

business depending very much upon that of the labour which can be employed in it. Corporation laws, however, give less obstruction to the free circulation of stock from one place to another than to that of labour. It is everywhere much easier for a wealthy merchant to obtain the privilege of trading in a town corporate, than it is for a poor artificer to obtain that of working in it. The labour is common, I believe, to every part of Europe. That which is given to it by the poor laws is, so far as I know, peculiar to England. It consists in the difficulty which he finds in obtaining a settlement, or even in being allowed to exercise his industry in any parish but that to which he belongs. It is free circulation is obstructed by corporation laws. The difficulty of obtaining settlements obstructs even that of common labour, and present state of this disorder, the destruction of monasteries in the police of England. When by the destruction of those religious houses, after some ineffectual attempts for their relief, it was enacted by the 43rd of Elizabeth, c 2, that every parish should be bound to provide for its own poor, and that the churchwardens, should be annually appointed, who, with the churchwardens, should raise, by a parish rate, competent sums for this purpose. By this statute the necessity of providing for their own poor was considered as the poor of every parish became, therefore, a question of some importance. This question, after some variation, was at last determined by the 13th and 14th of Charles II, when it was enacted, that forty days' undisturbed residence within that time made by the churchwardens or overseers of the poor to go clandestinely to another parish, and by there, to the discharge, therefore, for forty days to gain a settlement, should be accounted to which they properly belonged. It was enacted, that the forty days undisturbed residence, by the 1st of James II, that the forty days undisturbed residence of any person necessary to gain a settlement, should be accounted only from the time of his delivering notice in writing, of the place of his abode and the number of his family to one of the

churchwardens or overseers of the parish where he came to dwell.

But parish officers, it seems, were not always more honest with regard to their own than they had been with regard to other parishes, and sometimes connived at such intrusions, receiving the notice, and taking no proper steps in consequence of it. As every person in a parish, therefore, was supposed to have an interest to prevent as much as possible their being burdened by such intruders, it was further enacted by the 3rd William III that the forty days' residence should be accounted only from the publication of such notice in writing on Sunday in the church, immediately after divine service.

'After all,' says Doctor Burn, 'this kind of settlement, by continuing forty days after publication of notice in writing is very seldom obtained, and the design of the acts is not so much for gaining of settlements as for the avoiding of them by persons coming into a parish clandestinely for the giving of notice is only putting a force upon the parish to remove. But if a person's situation is such, that it is doubtful whether he is actually removable or not, he shall by giving of notice compel the parish either to allow him a settlement, by suffering him to continue forty days, or, by removing him, to try the right.' This statute, therefore, rendered it almost impracticable for a poor man to gain a new settlement in the old way, by forty days' inhabitancy. But that it might not appear to preclude altogether the common people of one parish from ever establishing themselves with security in another, it appointed four other ways by which a settlement might be gained without any notice delivered or published. The first was, by being taxed to parish rates and paying them; the second, by being elected into an annual parish office, and serving in it a year, the third, by serving an apprenticeship in the parish, the fourth, by being hired into service there for a year, and continuing in the same service during the whole of that time. Nobody can gain a settlement by either of the two first ways, but by the public deed of the whole parish, who are too well aware of the consequences to adopt any new-comer who has nothing but his labour to support him, either by taxing him for the parish rates, or by electing him into a parish office. No married man can well gain any settlement in either of these two last ways. An apprentice is scarce ever married, and it is expressly enacted, that no married servant shall gain any settlement by being hired for a year. The principal effect of introducing settlements by service, has been to put out in a great measure the old fashion of hiring for a year, which before had been so customary in England, that even at this day, if no particular term is agreed upon, the law intends that every servant is hired for a year. But

masters are not always willing to give their servants a settlement by hiring them in this manner, and servants are not always willing to be so hired, because, as every last settlement discharges all the foregoing, they might thereby lose their original settlement in the places of their nativity, the habitation of their parents and relations.

No independent workman, it is evident, whether labourer or artificer, is likely to gain any new settlement either by apprenticeship or by service. When such a person, therefore, carried his industry to a new parish, he was liable to be removed, how healthy and industrious soever, at the caprice of any churchwarden or overseer, unless he either rented a tenement of £10 a-year, a thing impossible for one who has nothing but his labour to live by, or could give such security for the discharge of the parish as two justices of the peace should judge sufficient. What security they shall require, indeed, is left altogether to their discretion, but they cannot well require less than £30, it having been enacted, that the purchase even of a freehold estate of less than £30 value, shall not gain any person a settlement, as not being sufficient for the discharge of the parish. But this is a greater security is frequently demanded.

In order to restore in some measure that free circulation of labour which those different statutes had almost entirely taken away, the invention of certificates was fallen upon. By the 8th and 9th of William III it was enacted, that if any person should bring a certificate from the parish where he was last legally settled, subscribed by the churchwardens and overseers of the poor, and allowed by two justices of the peace, that he should not be removable merely upon account of his being likely to become chargeable, but only upon his becoming actually chargeable, and that then the parish which granted the certificate should be obliged to pay the expense both of his maintenance and of his removal. And in order to give the most perfect security to the parish where such certificated man should come to reside, it was further enacted by the same statute, that he should gain no settlement there by any means whatever, except either by renting a tenement of £10 a-year, or by serving upon his own account in an annual parish office for one whole year, and consequently neither by notice, nor by service, nor by apprenticeship, nor by paying parish rates. By the 12th of Queen Anne too, stat. 1, c. 18, it was further enacted, that neither the servants nor apprentices of such certificated men should gain any settlement in the parish where he resided under such certificate.

How far this invention has restored that free circulation of

labour which the preceding statutes had almost entirely taken away, we may learn from the following very judicious observation of Dr Burn 'It is obvious,' says he, 'that there are divers good 'reasons for requiring certificates with persons coming to settle in 'any place, namely, that persons residing under them can gain no 'settlement, neither by apprenticeship, nor by service, nor by 'giving notice, nor by paying parish rates, that they can settle 'neither apprentices nor servants, that if they become chargeable, 'it is certainly known whither to remove them, and the parish 'shall be paid for the removal, and for their maintenance in 'the meantime, and that if they fall sick, and cannot be removed, 'the parish which gave the certificate must maintain them none 'of all which can be without a certificate Which reasons 'will hold proportionably for parishes not granting certificates in 'ordinary cases, for it is far more than an equal chance, but that 'they will have the certificated persons again, and in a worse con- 'dition' The moral of this observation seems to be, that certificates ought always to be required by the parish where any poor man comes to reside, and that they ought very seldom to be granted by that which he proposes to leave 'There is 'somewhat of hardship in this matter of certificates,' says the same very intelligent author, in his *History of the Poor Laws*, 'by 'putting it in the power of a parish officer, to imprison a man as 'it were for life, however inconvenient it may be for him to con- 'tinue at that place where he has had the misfortune to acquire 'what is called a settlement, or whatever advantage he may 'propose to himself by living elsewhere' This act was repealed in 1715 Though a certificate carries along with it no testimonial of good behaviour, and certifies nothing but that the person belongs to the parish to which he really does belong, it is altogether discretionary in the parish officers either to grant or to refuse it. A mandamus was once moved for, says Dr Burn, to compel the churchwardens and overseers to sign a certificate, but the Court of King's Bench rejected the motion as a very strange attempt

The very unequal price of labour which we find in England in places at no great distance from one another, is probably owing to the obstruction which the law of settlements gives to a poor man who would carry his industry from one parish to another without a certificate. A single man, indeed, who is healthy and industrious, may sometimes reside by suffrance without one, but a man with a wife and family who should attempt to do so, would in most parishes be sure of being removed, and if the single man should afterwards marry, he would generally be removed likewise The scarcity of hands in one parish, therefore, cannot always be relieved by their 'super- abundance in another, as it is constantly in Scotland, and, I

believe, in all other countries where there is no difficulty of settlement. In such countries, though wages may sometimes rise a little in the neighbourhood of a large town, or wherever else there is an extraordinary demand for labour, and sink gradually as the distance from such places increases, till they fall back to the common rate of the country, yet we never meet with those sudden and unaccountable differences in the wages of neighbouring places which we sometimes find in England, where it is often more difficult for a poor man to pass the artificial boundary of a parish, than an arm of the sea or a ridge of high mountains, natural boundaries which sometimes separate very distinctly different rates of wages in other countries.

To remove a man who has committed no misdemeanour from the parish where he chooses to reside, is an evident violation of natural liberty and justice. The common people of England, however, so jealous of their liberty, but like the common people of most other countries never rightly understanding wherein it consists, have now for more than a century together suffered themselves to be exposed to this oppression without a remedy. Though men of reflection too have sometimes complained of the law of settlements as a public grievance, yet it has never been the object of any general popular clamour, such as that against general warrants, an abusive practice undoubtedly but such a one as was not likely to occasion any general oppression. There is scarce a poor man in England of forty years of age, I venture to say, who has not in some part of his life felt himself most cruelly oppressed by this ill-contrived law of settlements.

I shall conclude this long chapter with observing, that though anciently it was usual to rate wages, first by general laws extending over the whole kingdom, and afterwards by particular orders of the justices of the peace in every particular county, both these practices have now gone entirely into disuse. 'By the experience of above four hundred years,' says Doctor Burn, 'it seems time to lay aside all endeavours to bring under strict regulations, what in its own nature seems incapable of minute limitation. for if all persons in the same kind of work were to receive equal wages, there would be no emulation, and no room left for industry or ingenuity.'

Particular acts of parliament, however, still attempt sometimes to regulate wages in particular trades and in particular places. Thus the 8th of George III prohibits under heavy penalties all master tailors in London, and five miles round it, from giving, and their workmen from accepting, more than two shillings and seven-pence halfpenny a day, except in the case of a general mourning. Whenever the legislature attempts to regulate the difference between masters and their workmen, its counsellors are always the masters.

When the regulation therefore, is in favour of the workmen, it is always just and equitable, but it is sometimes otherwise when in favour of the masters. Thus the law which obliges the masters in several different trades to pay their workmen in money and not goods, is quite just and equitable. It imposes no real hardship upon the masters. It only obliges them to pay that value in money, which they pretend to pay, but did not always really pay in goods. This law is in favour of the workmen, but the 8th of George III is in favour of the masters. When masters combine together in order to reduce the wages of their workmen, they commonly enter into a private bond or agreement, not to give more than a certain wage under a certain penalty. Were the workmen to enter into a contrary combination of the same kind, not to accept of a certain wage under a certain penalty, the law would punish them very severely, and if it dealt impartially, it would treat the masters in the same manner. But the 8th of George III. enforces by law that very regulation which masters sometimes attempt to establish by such combinations. The complaint of the workmen, that it puts the ablest and most industrious upon the same footing with an ordinary workman, seems perfectly well founded.

In ancient times too it was usual to attempt to regulate the profits of merchants and other dealers, by rating the price both of provisions and other goods. The assize of bread is, so far as I know, the only remnant of this ancient usage. Where there is an exclusive corporation, it may perhaps be proper to regulate the price of the first necessary of life. But where there is none, the competition will regulate it much better than any assize. The method of fixing the assize of bread established by the 31st of George II could not be put in practice in Scotland, on account of a defect in the law, its execution depending upon the office of clerk of the market which does not exist there. This defect was not remedied till the 3rd of George III. The want of an assize occasioned no sensible inconvenience, and the establishment of one in the few places where it has yet taken place, has produced no sensible advantage. In the greater part of the towns of Scotland, however, there is an incorporation of bakers who claim exclusive privileges, though they are not very strictly guarded.

The proportion between the different rates both of wages and profit in the different employments of labour and stock, seems not to be much affected, as has already been observed, by the riches or poverty, the advancing, stationary, or declining state of the society. Such revolutions in the public welfare, though they affect the general rates both of wages and profit, must in the end affect them equally in all different employments. The proportion between them, therefore, remain the same, and cannot well be altered, at least for any considerable time, by any such revolutions.

CHAP. XI.—*Of the Rent of Land.* Rent, considered as the price paid for the use of land, is naturally the sum which the tenant can afford to pay in the actual sum value of the land. In adjusting the terms of the lease, the landlord endeavours to leave him no greater share of the produce than what is sufficient to keep up the stock from which he furnishes the seed, pay the labour, and purchase and maintain the cattle and other instruments of husbandry, together with the ordinary profits of farming stock in the neighbourhood. This is evidently the quantity with which the tenant can content himself without being a loss, and the landlord seldom means to leave him any more. Whatever part of the produce, or, what is the same thing, whatever part of its price is over and above this sum, he naturally endeavours to reserve to himself as the rent of his land, which is evidently the highest the tenant can afford to pay in the actual circumstances of the land. Sometimes, indeed, the liberality, more frequently the ignorance, of the landlord makes him accept something less than this portion, and sometimes, too, though more rarely, the ignorance of the tenant makes him undertake to pay something more, or to content himself with somewhat less than the ordinary profits of farming stock in the neighbourhood. This portion, however, may still be considered as the natural rent of land, or the rent for which it is naturally meant that land should for the most part be let.

The rent of land, it may be thought, is frequently no more than a reasonable profit or interest for the stock laid out by the landlord upon its improvement. This, no doubt, may be partly the case upon some occasions, for it can scarce ever be more than partly the case. The landlord demands a rent even for unimproved land, and the supposed interest or profit upon the expense of improvement is generally an addition to this original rent. Those improvements, besides, are not always made by the stock of the landlord, but sometimes by that of the tenant. When the lease comes to be renewed, however, the landlord commonly demands the same augmentation of rent, as if they had all been made by his own. He sometimes demands rent for what is altogether incapable of human improvement. Kelp is a species of sea-weed, which, when burnt, yields an alkaline salt, useful for making glass, soap, and for several other purposes. It grows in several parts of Great Britain, particularly in Scotland, upon such rocks only as lie within the high water-mark, which are twice every day covered with the sea, and of which the produce, therefore, was never augmented by human industry. The landlord whose estate is bounded by a kelp shore of this kind, demands a rent for it as much as for his corn-fields.

The sea in the neighbourhood of the islands of Shetland is more than commonly abundant with fish, which make a great part of

the subsistence of their inhabitants. But in order to profit by the produce of the water, they must have a habitation upon the neighbouring land. The rent of the landlord is in proportion, not to what the farmer can make by the land, but to what he can make both by the land and by the water. It is partly paid in sea-fish, and one of the very few instances in which rent makes a part of the price of that commodity, is to be found in that country.

The rent of land, therefore, considered as the price paid for the use of the land, is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take, but to what the farmer can afford to give. Such parts only of the produce of land can commonly be brought to market of which the ordinary price is sufficient to replace the stock which must be employed in bringing them thither, together with its ordinary profits. If the ordinary price is more than this, the surplus part of it will naturally go to the rent of the land. If it is not more, though the commodity may be brought to market, it can afford no rent to the landlord. Whether the price is, or is not more, will depend upon the demand. There are some parts of the produce of land for which the demand must always be such as to afford a greater price than what is sufficient to bring them to market, and there are others for which it either may or may not be such as to afford this greater price. The former must always afford a rent to the landlord. The latter sometimes may, and sometimes may not, according to different circumstances.

Rent, it is to be observed, therefore, enters into the composition of the price of commodities in a different way from wages and profit. High or low wages and profit are the causes of high or low price, high or low rent is the effect of it. It is because high or low wages and profit must be paid, in order to bring a particular commodity to market, that its price is high or low, but it is because its price is high or low, a great deal more, or very little more, or no more, than what is sufficient to pay those wages and profit, that it affords a high rent, a low rent, or no rent at all.

The particular consideration, first, of those parts of the produce of land which always afford some rent, secondly, of those which sometimes may and sometimes may not afford rent, and thirdly, of the variations which, in the different periods of improvement, naturally take place, in the relative value of these two different sorts of rude produce, when compared with one another and with manufactured commodities, will divide this chapter into three parts.

PART I — *Of the Produce of Land which always affords Rent —*
As men, like all other animals, naturally multiply in proportion to the means of their subsistence, food is always, more or less, in

demand. It can always purchase one quantity, a greater or smaller quantity of labour, and somebody can always be found who is willing to do something in order to do in it. The quantity of labour, indeed, which it can purchase, will always be within what it could maintain, if managed in the most liberal of manners, on account of the high wages which the master gives to labour. But it can always purchase such a quantity of labour as it can maintain, according to the rate at which that sort of labour is commonly maintained in the neighbourhood. But land, is altered any situation, produces a greater quantity of food than what is sufficient to maintain all the labour necessary for husbandry, it is market, in the most liberal way in which that labour is ever accustomed. The surplus, too, is always more than the price of the labour which employed that labour, less the value of produce. Such a thing therefore, always remains for a rent to the landlord.

The most desert moors in Norway and Sweden yield but a small sort of pasture for cattle, of which the rank and the inclosure are always more than sufficient, not only to the usual. If the labour necessary for tending them, and to pay the ordinary price to the farmer or owner of the herd or flock, but to afford a small rent to the landlord. The rent increases, in proportion to the goodness of the pasture. The same extent of ground not only retains a greater number of cattle, but as they are brought within a smaller compass, less labour becomes requisite to tend them, and to collect their produce. The landlord gains both ways, by the increase of the produce, and by the diminution of the labour which must be maintained out of it.

The rent of land not only varies with its fertility, whatever be its produce, but with its situation whatever be its fertility. Land in the neighbourhood of a town gives a greater rent than land equally fertile in a distant part of the country. Though it may cost no more labour to cultivate one than the other, it must always cost more to bring the produce of the distant land to market. A greater quantity of labour therefore must be maintained out of it; and the surplus, from which are drawn both the profit of the farmer and the rent of the landlord, must be diminished. But in remote parts of the country the rate of profits, as has already been shown, is generally higher than in the neighbourhood of a large town. A smaller proportion of this diminished surplus, therefore, must belong to the landlord.

Good roads, canals and navigable rivers, by diminishing the expense of carriage, put the remote parts of the country more nearly upon a level with those in the neighbourhood of the town. They are upon that account the greatest of all improvements. They encourage the cultivation of the remote, which must always be the most extensive circle of the country. They are advan-

tageous to the town, by breaking down the monopoly of the country in its neighbourhood. They are advantageous even to that part of the country. Though they introduce some rival commodities into the old market, they open many new markets to its produce. Monopoly, besides, is a great enemy to good management, which can never be universally established but in consequence of that free and universal competition which forces everybody to have recourse to it for the sake of self-defence. It is not more than fifty years ago, that some of the counties in the neighbourhood of London petitioned the parliament against the extension of the turnpike roads into remoter counties. Those remoter counties they pretended, from the cheapness of labour, would be able to sell their grass and corn cheaper in the London market than themselves, and would thereby reduce their rents, and ruin their cultivation. Their rents, however, have risen, and their cultivation has been improved since that time.

A corn-field of moderate fertility produces a much greater quantity of food for man than the best pasture of equal extent. Though its cultivation requires much more labour, yet the surplus which remains after replacing the seed and maintaining all that labour, is likewise much greater. If a pound of butcher's meat, therefore, was never supposed to be worth more than a pound of bread, this greater surplus would everywhere be of greater value and constitute a greater fund both for the profit of the farmer and the rent of the landlord. It seems to have done so universally in the rude beginning of agriculture.

But the relative values of those two different species of food, bread, and butcher's-meat, are very different in the different periods of agriculture. In its rude beginning, the unimproved wilds, which then occupy the far greater part of the country, are all abandoned to cattle. There is more butcher's-meat than bread, and bread, therefore, is the food for which there is the greatest competition, and which consequently brings the greatest price. At Buenos Ayres, we are told by Ulloa, four reals, one-and-twenty pence halfpenny sterling, was, forty or fifty years ago, the ordinary price of an ox, chosen from a herd of two or three hundred. He says nothing of the price of bread, probably because he found nothing remarkable about it. An ox there, he says, costs little more than the labour of catching him. But corn can nowhere be raised without a great deal of labour, and in a country which lies upon the river Plate, at that time the direct road from Europe to the silver mines of Potosi, the modern price of labour could not be very cheap. It is otherwise when cultivation is extended over the greater part of the country. There is then more bread than butcher's-meat. The competition changes its direction, and the price of butcher's-meat becomes greater than the price of bread.

By the extension, besides, of cultivation, the unimproved wilds become insufficient to supply the demand for butcher's-meat. A great part of the cultivated lands must be employed in rearing and fattening cattle, of which the price, therefore, must be sufficient to pay, not only the labour necessary for tending them, but the rent which the landlord, and the profit which the farmer could have drawn from such land employed in tillage. The cattle bred upon the most uncultivated moors, when brought to the same market are, in proportion to their weight or goodness, sold at the same price as those which are reared upon the most improved land. The proprietors of those moors profit by it, and raise the rent of their land in proportion to the price of their cattle. It is not more than a century ago that in many parts of the Highlands of Scotland, butcher's-meat was as cheap or cheaper than even bread made of oatmeal. The union opened the market of England to the Highland cattle. Their ordinary price is at present about three times greater than at the beginning of the century, and the rents of many Highland estates have been tripled and quadrupled in the same time. In almost every part of Great Britain a lb of the best butcher's meat, is in the present times, generally worth more than 2lbs of the best white bread, and in plentiful years it is sometimes worth three or four lbs.

It is thus that in the progress for improvement the rent and profit of unimproved pasture come to be regulated in some measure by the rent and profit of what is improved, and these again by the rent and profit of corn. Corn is an annual crop. Butcher's-meat, a crop which requires four or five years to grow. As an acre of land, therefore, will produce a much smaller quantity of the one species of food than of the other, the inferiority of the quantity must be compensated by the superiority of the price. If it was more than compensated, more corn land would be turned into pasture, and if it was not compensated, part of what was in pasture would be brought back into corn.

This equality, however, between the rent and profit of grass and those of corn, of the land of which the immediate produce is food for cattle, and of that of which the immediate produce is food for men, must be understood to take place only through the greater parts of the improved lands of a great country. In some particular local situations it is quite otherwise, and the rent and profit of grass are much superior to what can be made by corn.

Thus in the neighbourhood of a great town the demand for milk and for forage to horses, frequently contribute, together with the high price of butcher's-meat, to raise the value of grass above what may be called its natural proportion to that of corn. This local advantage, it is evident, cannot be communicated to the lands at a distance.

Particular circumstances have sometimes rendered certain countries so populous, that the whole territory, like the lands in the neighbourhood of a great town, has not been sufficient to produce both the grass and the corn necessary for the subsistence of their inhabitants. Their lands therefore have been principally employed in the production of grass, the more bulky commodity, and which cannot be so easily brought from a great distance, and corn, the food of the great body of the people, has been chiefly imported from foreign countries. Holland is at present in this situation, and a considerable part of ancient Italy seems to have been so during the prosperity of the Romans. To feed well, old Cato said, as we are told by Cicero, was the first and most profitable thing in the management of a private estate, to feed tolerably well, the second, and to feed ill the third. To plough, he ranked only in the fourth place of profit and advantage. Tillage, indeed, in that part of ancient Italy which lay in the neighbourhood of Rome, must have been very much discouraged by the distributions of corn which were frequently made to the people, either gratuitously or at a very low price. This corn was brought from the conquered provinces, of which several, instead of taxes, were obliged to furnish a tenth part of their produce at a stated price, about sixpence a peck to the republic. The low price at which this corn was distributed to the people, necessarily sunk the price of what could be brought to the Roman market from Latium, the ancient territory of Rome, and discouraged its cultivation in that part of the country.

In an open country too, of which the principal produce is corn, a well-enclosed piece of grass will frequently rent higher than any corn-field in its neighbourhood. It is convenient for the maintenance of the cattle employed in the cultivation of the corn, and its high rent is, in this case, not so properly paid from the value of its own produce, as from that of the corn lands which are cultivated by means of it. It is likely to fall, if ever the neighbouring lands are completely enclosed. The present high rent of enclosed land in Scotland seems owing to the scarcity of enclosure, and will probably last no longer than that scarcity. The advantage of enclosure is greater for pasture than for corn. It saves the labour of guarding the cattle, which feed better too when not liable to be disturbed by their keeper or his dog.

But where there is no local advantage of this kind, the rent and profit of corn, or whatever else is the common vegetable food of the people must naturally regulate, upon the land which is fit for producing it, the rent and profit of pasture. The use of the artificial grasses, of turnips, carrots, cabbages, and the other expedients which have been fallen upon to make an equal quantity of land feed a greater number of cattle than when in natural grass, should

somewhat reduce, it might be expected, the superiority which, in an improved country, the price of butcher's-meat naturally has over that of bread. It seems accordingly to have done so, and there is some reason for believing that, at least in the London market, the price of butchers'-meat in proportion to the price of bread, is a good deal lower in the present times than it was in the beginning of the last century.

In the appendix to the Life of Prince Henry, Doctor Birch has given us an account of the price of butcher's-meat as commonly paid by that prince. It is there said, that the four quarters of an ox weighing 600 pounds usually cost him £9 10s or thereabouts, that is, £1 11s 8d per cwt. Prince Henry died on the 6th of November 1612, in the nineteenth year of his age.

In March 1764, there was a parliamentary inquiry into the causes of the high price of provisions at that time. It was then, among other proof to the same purpose, given in evidence by a Virginia merchant, that in March 1763, he had victualled his ships for twenty four or twenty five shillings the hundredweight of beef, which he considered as the ordinary price, whereas, in that dear year, he had paid twenty-seven shillings for the same weight and sort. This high price in 1764 is, however, four shillings and eight-pence cheaper than the ordinary price paid by Prince Henry, and it is the best beef only, it must be observed, which is fit to be salted for those distant voyages.

The price paid by Prince Henry amounts to 3 $\frac{1}{2}$ d per pound weight of the whole carcase, coarse and choice pieces taken together, and at that rate the choice pieces could not have been sold by retail for less than 4 $\frac{1}{2}$ d or 5d the pound.

In the parliamentary inquiry in 1764, the witnesses stated the price of the choice pieces of the best beef to be to the consumer 4d. and 4 $\frac{1}{2}$ d the pound, and the coarse pieces in general to be from seven farthings to 2 $\frac{1}{2}$ d and 2 $\frac{1}{4}$ d, and this they said was in general one halfpenny dearer than the same sort of pieces had usually been sold in the month of March. But even this high price is still a good deal cheaper than what we can well suppose the ordinary retail price to have been in the time of Prince Henry.

During the twelve first years of the last century, the average price of the best wheat at the Windsor market was £1 18s 3 $\frac{1}{2}$ d, the quarter of nine Winchester bushels.

But in the twelve years preceding 1764, including that year, the average price of the same measure of the best wheat at the same market was £2 1s 9 $\frac{1}{2}$ d.

In the twelve first years of the last century, therefore, wheat appears to have been a good deal cheaper, and butcher's-meat a good deal dearer, than in the twelve years preceding 1764, including that year.

In all great countries the greater part of the cultivated lands are employed in producing either food for men or food for cattle. The rent and profit of these regulate the rent and profit of all other cultivated land. If any particular produce afforded less, the land would soon be turned into corn or pasture, and if any afforded more, some part of the lands in corn or pasture would soon be turned to that produce.

Those productions, indeed, which require either a greater original expense of improvement, or a greater annual expense of cultivation, in order to fit the land for them, appear commonly to afford, the one a greater rent, the other a greater profit than corn or pasture. This superiority, however, will seldom be found to amount to more than a reasonable interest or compensation for this superior expense.

In a hop garden, a fruit garden, a kitchen garden, both the rent of the landlord, and the profit of the farmer, are generally greater than in a corn or grass field. But to bring the ground into this condition requires more expense. Hence a greater rent becomes due to the landlord. It requires too a more attentive and skilful management. Hence a greater profit becomes due to the farmer. The crop too, at least in the hop and fruit garden, is more precarious. Its price, therefore, besides compensating all occasional losses, must afford something like the profit of insurance. The circumstances of gardeners generally mean, always moderate, may satisfy us that their great ingenuity is not commonly over-recompensed. Their delightful art is practised by so many rich people for amusement, that little advantage is to be made by those who practise it for profit, because the persons who should naturally be their best customers, supply themselves with all their most precious productions.

The advantage which the landlord derives from such improvement seems at no time to have been greater than what was sufficient to compensate the original expense of making them. In the ancient husbandry, after the vineyard, a well-watered kitchen garden seems to have been the part of the farm which was supposed to yield the most valuable produce. But Democritus, who wrote upon husbandry about two thousand years ago, and who was regarded by the ancients as one of the fathers of the art, thought they did not act wisely who enclosed a kitchen garden. The profit, he said, would not compensate the expense of a stone wall, and bricks (he meant, I suppose, bricks baked in the sun) mouldered with the rain and the winter storm, and required continual repairs. Columella, who reports this judgment of Democritus, does not controvert it, but proposes a very frugal method of enclosing with a hedge of brambles and briers, which, he says, he had found by experience to be both a lasting and an impenetrable

sence, but which, it seems, was not commonly known in the time of Democritus. Palladius adopts the opinion of Columella, which had before been recommended by Varro. In the judgment of those ancient improvers, the produce of a kitchen garden land, it seems, been little more than sufficient to pay the extraordinary culture and the expense of watering, for in countries so near the sun, it was thought proper, in those times as in the present, to have the command of a stream of water, which could be conducted to every bed in the garden. Through the greater part of Europe, a kitchen garden is not at present supposed to deserve a better enclosure than that recommended by Columella. In Great Britain, and some other northern countries, the finer stone cannot be brought to perfection but by the assistance of a wall. Their price, therefore, in such countries must be sufficient to pay the expense of building and maintaining what they cannot be had without. The fruit wall frequently surrounds the kitchen garden, which thus enjoys the benefit of an enclosure which its own produce could scarcely pay for.

That the vineyard, when properly planted and brought to perfection, was the most valuable part of the farm, seems to have been an undoubted maxim in the ancient agriculture, as it is in the modern through all the wine countries. But whether it was advantageous to plant a new vineyard, was a matter of dispute among the ancient Italian husbandmen, as we learn from Columella. He decides, like a true lover of all curious cultivation, in favour of the vineyard, and endeavours to show, by a comparison of the profit and expense, that it was a most advantageous improvement. Such comparisons, however, between the profit and expense of new projects, are commonly very fallacious, and in nothing more so than in agriculture. Had the gain actually made by such plantations been commonly as great as he imagined it might have been, there could have been no dispute about it. The same point is frequently at this day a matter of controversy in the wine countries. Their writers on agriculture, indeed, the lovers and promoters of high cultivation, seem generally disposed to decide with Columella in favour of the vineyard. In France the anxiety of the proprietors of the old vineyards to prevent the planting of any new ones, seems to favour their opinion, and to indicate a consciousness in those who must have the experience, that this species of cultivation is at present in that country more profitable than any other. It seems at the same time, however, to indicate another opinion, that this superior profit can last no longer than the laws which at present restrain the free cultivation of the vine. In 1731, they obtained an order of council, prohibiting both the planting of new vineyards, and the renewal of those old ones, of which the cultivation had been interrupted for two years, without a particular permission.

from the king, to be granted only in consequence of an information from the intendant of the province, certifying that he had examined the land, and that it was incapable of any other culture. The pretence of this order was the scarcity of corn and pasture, and the superabundance of wine. But had this superabundance been real, it would, without any order of council, have effectually prevented the plantation of new vineyards, by reducing the profits of this species of cultivation below their natural proportion to those of corn and pasture. With regard to the supposed scarcity of corn occasioned by the multiplication of vineyards, corn is nowhere in France more carefully cultivated than in the wine provinces, where the land is fit for producing it, as in Burgundy, Guienne, and the Upper Languedoc. The numerous hands employed in the one species of cultivation necessarily encourage the other, by affording a ready market for its produce. To diminish the number of those who are capable of paying for it, is surely a most unpromising expedient for encouraging the cultivation of corn. It is like the policy which would promote agriculture by discouraging manufacture.

The rent and profit of those productions, therefore, which require either a greater original expense of improvement, in order to fit the land for them, or a greater annual expense of cultivation, though often much superior to those of corn and pasture, yet when they do no more than compensate such extraordinary expense, are in reality regulated by the rent and profit of those common crops.

It sometimes happens, indeed, that the quantity of land which can be fitted for some particular produce, is too small to supply the effectual demand. The whole produce can be disposed of to those who are willing to give somewhat more than what is sufficient to pay the whole rent, wages, and profit necessary for raising and bringing it to market, according to their natural rates, or according to the rates at which they are paid in the greater part of other cultivated land. The surplus part of the price which remains after defraying the whole expense of improvement and cultivation may commonly, in this case, and in this case only, bear no regular proportion to the like surplus in corn or pasture, but may exceed it in almost any degree, and the greater part of this excess goes to the rent of the landlord.

The usual and natural proportion, for example, between the rent and profit of wine and those of corn and pasture, must be understood to take place only with regard to those vineyards which produce nothing but good common wine, such as can be raised almost anywhere, upon any light, gravelly, or sandy soil, and which has nothing to recommend it but its strength and wholesomeness. It is in such vineyards only that the common land of

the country can be brought into competition; for with those *of* a peculiar quality it is evident that it cannot

The vine is more affected by the difference of soils than any other fruit tree. From some it derives a flavour which no culture or management can equal, it is supposed, upon any other. This flavour, real or imaginary, is sometimes peculiar to the produce of a few vineyards, sometimes it extends through the greater part of a small district, and sometimes through a considerable part of a large province. The whole quantity of such wines that is brought to market falls short of the effectual demand, or the demand of those who would be willing to pay the whole rent, profit and wages necessary for preparing and bringing them thither, according to the ordinary rate, or according to the rate at which they are paid in common vineyards. The whole quantity, therefore, can be disposed of to those who are willing to pay more, which necessarily raises the price above that of common wine. The difference is greater or less, according as the fashionableness and scarcity of the wine render the competition of the buyers more or less eager. Whatever it be, the greater part of it goes to the rent of the landlord. For though such vineyards are in general more carefully cultivated than most others, the high price of the wine seems to be, not so much the effect, as the cause of this careful cultivation. In so valuable a produce the loss occasioned by negligence is so great as to force even the most careless to attention. A small part of this high price, therefore, is sufficient to pay the wages of the extraordinary labour bestowed upon their cultivation, and the profits of the extraordinary stock which puts that labour into motion.

The sugar colonies possessed by many European nations in the West Indies, may be compared to those precious vineyards. Their whole produce falls short of the effectual demand of Europe, and can be disposed of to those who are willing to give more than what is sufficient to pay the whole rent, profit and wages necessary for preparing and bringing it to market, according to the rate at which they are commonly paid by any other produce. In Cochin China the finest white sugar commonly sells for three piastres the quintal, about thirteen shillings and sixpence of our money, as we are told by Mr Poivre (*Voyages d'un Philosophe*), a very careful observer of the agriculture of that country. What is there called the quintal weighs from a hundred and fifty to two hundred Paris pounds, or a hundred and seventy-five Paris pounds at a medium, which reduces the price of the hundred weight English to about eight shillings sterling, not a fourth part of what is commonly paid for the brown or muscovado sugars imported from our colonies, and not a sixth part of what is paid for the finest white sugar. The greater part of the cultivated lands in Cochin China are employed in producing corn and rice, the food

of the great body of the people The respective prices of corn, rice, and sugar, are there probably in the natural proportion, or in that which naturally takes place in the different crops of the greater part of cultivated land, and which recompenses the landlord and farmer, as nearly as can be computed, according to what is usually the original expense of improvement and the annual expense of cultivation But in our sugar colonies the price of sugar bears no such proportion to that of the produce of a rice or corn field either in Europe or in America - It is commonly said that a sugar planter expects that the rum and molasses should defray the whole expense of his cultivation, and that his sugar should be all clear profit. If this be true, for I pretend not to affirm it, it is as if a corn farmer expected to defray the expense of his cultivation with the chaff and straw, and that the grain should be all clear profit We see frequently societies of merchants in London and other trading towns, purchase waste lands in our sugar colonies, which they expect to improve and cultivate with profit by means of factors and agents, notwithstanding the great distance and the uncertain returns, from the defective administration of justice in those countries Nobody will attempt to improve and cultivate in the same manner the most fertile lands of Scotland, Ireland, or the corn provinces of North America, though from the more exact administration of justice in those countries, more regular returns might be expected

In Virginia and Maryland the cultivation of tobacco is preferred as more profitable, than that of corn Tobacco might be cultivated with advantage through the greater part of Europe, but in almost every part of Europe it has become a principal subject of taxation, and to collect a tax from every different farm in the country where this plant might happen to be cultivated, would be more difficult, it has been supposed, than to levy one upon its importation at the custom-house The cultivation of tobacco has upon this account been most absurdly prohibited through the greater part of Europe, which necessarily gives a sort of monopoly to the countries where it is allowed, and as Virginia and Maryland produce the greatest quantity of it, they share largely, though with some competitors, in the advantage of this monopoly The cultivation of tobacco, however, seems not to be so advantageous as that of sugar I have never even heard of any tobacco plantation that was improved and cultivated by the capital of merchants who resided in Great Britain, and our tobacco colonies send us home no such wealthy planters as we see frequently arrive from our sugar islands Though from the preference given in those colonies to the cultivation of tobacco above that of corn, it would appear that the effectual demand of Europe for tobacco is not completely supplied, it probably is more nearly so than that for

sugar, and though the present price of tobacco is probably more than sufficient to pay the whole rent, wages, and profit necessary for preparing and bringing it to market, according to the rate at which they are commonly paid in corn land, it must not be so much more as the present price of sugar. Our tobacco planters, accordingly, have shown the same fear of the superabundance of tobacco, which the proprietors of the old vineyards in France have of the superabundance of wine. By act of assembly they have restrained its cultivation to six thousand plants, supposed to yield a thousand weight of tobacco, for every negro between sixteen and sixty years of age. Such a negro, over and above this quantity of tobacco, can manage, they reckon, four acres of Indian corn. To prevent the market from being overstocked too, they have sometimes, in plentiful years, we are told by Dr Douglas (Summary, vol ii p 572) (I suspect he has been ill informed), burnt a certain quantity of tobacco for every negro, in the same manner as the Dutch are said to do of spices. If such violent methods are necessary to keep up the present price of tobacco, the superior advantage of its culture over that of corn, if it still has any, will not probably be of long continuance.

It is in this manner that the rent of the cultivated land, of which the produce is human food, regulates the rent of the greater part of other cultivated land. No particular produce can long afford less, because the land would immediately be turned to another use. And if any particular produce commonly affords more, it is because the quantity of land which can be fitted for it is too small to supply the effectual demand.

In Europe corn is the principal produce of land which serves immediately for human food. Except in particular situations, therefore, the rent of corn land regulates in Europe that of all other cultivated land. Britain need envy neither the vineyards of France nor the olive plantations of Italy. Except in particular situations, the value of these is regulated by that of corn, in which the fertility of Britain is not much inferior to that of either of those two countries.

If in any country the common and favourite vegetable food of the people should be drawn from a plant of which the most common land, with the same or nearly the same culture, produced a much greater quantity than the most fertile does of corn, the rent of the landlord, or the surplus quantity of food which would remain to him, after paying the labour and replacing the stock of the farmer together with its ordinary profits, would necessarily be much greater. Whatever was the rate at which labour was commonly maintained in that country, this greater surplus could always maintain a greater quantity of it, and enable the landlord to purchase a greater quantity of it. The real value of his rent, his real power and authority, and his command of the necessaries and conveni-

encies of life with which the labour of other people could supply him, would necessarily be much greater

A rice field produces a much greater quantity of food than the most fertile corn field. Two crops in the year from thirty to sixty bushels each, are said to be the ordinary produce of an acre. Though its cultivation, therefore, requires much labour, a much greater surplus remains after maintaining that labour. In those rice countries, therefore, where rice is the common and favourite vegetable food of the people, and where the cultivators are chiefly maintained with it, a greater share of this surplus should belong to the landlord than in corn countries. In Carolina, where the planters, as in other British colonies, are generally both farmers and landlords, and where rent consequently is confounded with profit, the cultivation of rice is found to be more profitable than that of corn, though their fields produce only one crop in the year, and though, from the prevalence of the customs of Europe, rice is not there the common and favourite vegetable food of the people. A good rice field is a bog at all seasons, and at one season a bog covered with water. It is unfit either for corn, or pasture, or vineyard, or, indeed, for any other vegetable produce that is very useful to men, and the lands which are fit for those purposes are not fit for rice. Even in the rice countries, therefore, the rent of rice lands cannot regulate the rent of the other cultivated land which can never be turned to the produce of that crop.

The food produced by a field of potatoes is not inferior in quantity to that produced by a field of rice, and much superior to what is produced by a field of wheat. Twelve thousand weight of potatoes from an acre of land is not a greater produce than two thousand weight of wheat. The food or solid nourishment, indeed which can be drawn from each of those two plants, is not altogether in proportion to their weight, on account of the watery nature of potatoes. Allowing, however, half the weight of this root to go to water, a very large allowance, such an acre of potatoes will still produce six thousand weight of solid nourishment, three times the quantity produced by the acre of wheat. An acre of potatoes is cultivated with less expense than an acre of wheat, the fallow, which generally precedes the sowing of wheat, more than compensating the hoeing and other extraordinary culture which is always given to potatoes. Should this root ever become in any part of Europe, like rice in some rice countries, the common and favourite vegetable food of the people, so as to occupy the same proportion of the lands in tillage which wheat and other sorts of grain for human food do at present, the same quantity of cultivated land would maintain a much greater number of people, and the labourers being generally fed with potatoes, a greater surplus would remain after replacing all the stock and maintaining all the labour em-

ployed in cultivation. A greater share of this surplus too would belong to the landlord. Population would increase, and rents would rise much beyond what they are at present.

The land which is fit for potatoes, is fit for almost every other useful vegetable. If they occupied the same proportion of cultivated land which corn does at present, they would regulate, in the same manner, the rent of the greater part of other cultivated land.

In some parts of Lancashire it is pretended, I have been told, that bread of oatmeal is a heartier food for labouring people than wheaten bread, and I have frequently heard the same doctrine held in Scotland. I am, however, somewhat doubtful of the truth of it. The common people in Scotland who are fed with oatmeal, are in general neither so strong nor so handsome as the same rank of people in England who are fed with wheaten bread. They neither work so well, nor look so well, and as there is not the same difference between the people of fashion in the two countries, experience would seem to show, that the food of the common people in Scotland is not so suitable to the human constitution as that of their neighbours of the same rank in England. But it seems to be otherwise with potatoes. The charmers, porters, and coal-heavers in London, and those unfortunate women who live by prostitution, the strongest men and the most beautiful women perhaps in the British dominions, are said to be, the greater part of them, from the lowest rank of people in Ireland, who are generally fed with this root. No food can afford a more decisive proof of its nourishing quality, or of its being peculiarly suitable to the health of the human constitution. It is difficult to preserve potatoes through the year, and impossible to store them like corn, for two or three years together. The fear of not being able to sell them before they rot, discourages their cultivation, and is, perhaps, the chief obstacle to their ever becoming in any great country, like bread, the principal vegetable food of all the different ranks of the people.

PART II.—*Of the Produce of Land which sometimes does, and sometimes does not, afford Rent*—Human food seems to be the only produce of land which always and necessarily affords some rent to the landlord. Other sorts of produce sometimes may, and sometimes may not, according to circumstances.

After food, clothing and lodging are the two great wants of mankind.

Land in its original rude state, can afford the materials of clothing and lodging to a much greater number of people than it can feed. In its improved state it can sometimes feed a greater

number of people than it can supply with those materials, at least, in the way in which they require them, and are willing to pay for them. In the one state, therefore, there is always a superabundance of those materials, which are frequently, upon that account, of little or no value. In the other, there is often a scarcity, which necessarily augments their value. In the one state a great part of them is thrown away as useless, and the price of what is used is considered as equal only to the labour and expense of fitting it for use, and can, therefore, afford no rent to the landlord. In the other they are all made use of, and there is frequently a demand for more than can be had. Somebody is always willing to give more for every part of them than what is sufficient to pay the expense of bringing them to market. Their price, therefore, can always afford some rent to the landlord.

The skins of the larger animals were the original materials of clothing. Among nations of hunters and shepherds, therefore, whose food consists chiefly in the flesh of those animals, every man, by providing himself with food, provides himself with the materials of more clothing than he can wear. If there was no foreign commerce, the greater part of them would be thrown away as things of no value. This was probably the case among the hunting nations of North America, before their country was discovered by the Europeans, with whom they now exchange their surplus peltry, for blankets, firearms, and brandy, which gives it some value. In the present commercial state of the known world, the most barbarous nations, I believe, among whom land property is established, have some foreign commerce of this kind, and find among their wealthier neighbours such a demand for all the materials of clothing, which their land produces, and which can neither be wrought up nor consumed at home, as raises their price above what it costs to send them to those wealthier neighbours. It affords, therefore, some rent to the landlord. When the greater part of the highland cattle were consumed on their own hills, the exportation of their hides made the most considerable article of the commerce of that country, and what they were exchanged for afforded some addition to the rent of the highland estates. The wool of England, which in old times could neither be consumed nor wrought up at home, found a market in the then wealthier and more industrious country of Flanders, and its price afforded something to the rent of the land which produced it. In countries not better cultivated than England was then, or than the Highlands of Scotland are now, and which had no foreign commerce, the materials of clothing would evidently be so superabundant, that a great part of them would be thrown away as useless, and no part could afford any rent to the landlord.

The materials of lodging cannot always be transported to so

great a distance as those of clothing, and it is rendered by becoming an object of foreign commerce. When a country is not abundant in the country which produces them, it is, in a very large part, even in the present commercial state of the world, either they are sent to the islands to the landlord. A good stone quarry in the neighbourhood of London would afford a considerable rent. In many parts of England and Wales it affords none. It can therefore for nothing be of great value in a populous and well-cultivated country, and the land which produces it as often as can be kept, rents. But in many parts of North America the landlord would be compelled to give it away, who would carry away the greater part of his logs, & trees. In certain parts of the Highlands of Scotland it is kept to the end, & sent to market. The timber is left to rot, & to decay, & to be sent to market. When the materials of lodging are so superfluous, the poor wood tree of is worth only the labour and expense of felling it for it is poor. It affords no rent to the landlord, who generally prefers the use of it to whoever takes the trouble of felling it. The inhabitants of wealthier nations, however, sometimes en masse have to get a rent for it. The paving of the streets of London is a burden the owners of some barren rock's on the coast of Scotland to draw a rent from what never afforded any benefit. The woods of Norway and of the coasts of the Baltic, find a market in a very part of Great Britain which they could not find at home, and thereby afford some rent to their proprietor.

Countries are populous, not in proportion to the number of people whom their produce can clothe and lodge, but in proportion to that of those whom it can feed. When food is provided, it is easy to find the necessary clothing and lodging. But though these are at hand, it may often be difficult to find food. In some parts even of the British dominions, where it is called, for e. may be built by one day's labour of one man. The simple species of clothing, the skins of animals, require somewhat more labour to dress and prepare them for use. They do not, however, require a great deal. Among savage and barbarous nations, a hundredth or little more than a hundredth part of the labour of the whole year, will be sufficient to provide them with such clothing and lodging as satisfy the greater part of the people. All the other ninety nine parts are frequently no more than enough to provide them with food.

But when by the improvement and cultivation of land the labour of one family can provide for two, the labour of half the society becomes sufficient to provide food for the whole. The other half, therefore, or at least the greater part of them, can be employed in providing other things, or in satisfying the other wants and fancies of mankind. Clothing and lodging, household furniture, and what

is called equipage, are the principal objects of the greater part of those wants and fancies. The rich man consumes no more food than his poor neighbour. In quality it may be very different, and to select and prepare it may require more labour and art, but in quantity it is very nearly the same. But compare the spacious palace and great wardrobe of the one, with the hovel and the few rags of the other, and you will be sensible that the difference between their clothing, lodging, and household furniture, is almost as great in quantity as it is in quality. The desire of food is limited in every man by the narrow capacity of the human stomach, but the desire of the conveniences and ornaments of building, dress, equipage, and household furniture, seems to have no limit or certain boundary. Those, therefore, who have the command of more food than they themselves can consume, are always willing to exchange the surplus, or, what is the same thing, the price of it, for gratifications of this other kind. What is over and above satisfying the limited desire, is given for the amusement of those desires which cannot be satisfied, but seem to be altogether endless. The poor, in order to obtain food, exert themselves to gratify those fancies of the rich, and to obtain it more certainly, they vie with one another in the cheapness and perfection of their work. The number of workmen increases with the increasing quantity of food, or with the growing improvement and cultivation of the lands, and as the nature of their business admits of the utmost subdivisions of labour, the quantity of materials which they can work up, increases in a much greater proportion than their numbers. Hence arises a demand for every sort of materials which human invention can employ, either usefully or ornamentally, in building, dress, equipage, or household furniture, for the fossils and minerals contained in the bowels of the earth, the precious metals, and the precious stones. Food is in this manner, not only the original source of rent, but every other part of the produce of land which afterwards affords rent, derives that part of its value from the improvement of the powers of labour in producing food by means of the improvement and the cultivation of the land.

Those other parts of the produce of land, however, which afterwards afford rent, do not afford it always. Even in improved and cultivated countries, the demand for them is not always such as to afford a greater part than what is sufficient to pay the labour, and replace, together with its ordinary profits, the stock which must be employed in bringing them to market. Whether it is or is not such, depends upon different circumstances.

Whether a coal mine, for example, can afford any rent, depends partly upon its fertility, and partly upon its situation.

A mine of any kind may be said to be either fertile or barren,

according as the quantity of mineral it is fit to be brought up, and it by a certain quantity of labour, is equal to a sum that can be brought by an equal quantity from the ground, part of some mines of the same kind. Some coal mines, like the copper, cannot be wrought on account of their situation. The profit we do not pay the expense. They cannot be wrought, and it is not worth

There are some of which the produce is greater, sufficient to pay the labourer, and replace, together with the expenses for this, the stock employed in working them. This is not a very great part of the undertaker of the work, but more than a fourth. They can be wrought advantageously in certain parts of the kingdom, but the landlord, who being himself under let of the work, gets the ordinary profit of the capital employed. Many coal mines in Scotland are wrought in this manner, and can be so worked. The landlord will allow nobody else to work in them, paying some rent, and nobody can afford to pay for it.

Other coal mines in the same or any other part of Scotland, cannot be wrought on account of their situation. A sum, of it is not sufficient to defray the expense of working, and bringing away from the mine by the undertaker, or even less than the ordinary quantity of labour, but in an inland country the roads, bridges, and water-courses, either good roads or water-courses, are very scarce, and not to be had.

Coals are a less agreeable fuel than wood, and are much less wholesome. The expense of carrying them places, where they are consumed, must generally be diminished in proportion to wood.

The price of wood, again, varies with the state of agriculture, nearly in the same manner, and exactly in the same ratio, as the price of cattle. In its rude beginning the greater part of every country is covered with wood which is then a mere incumbrance of no value to the landlord who would gladly give it to anybody for the cutting. As agriculture advances, the woods are partly cleared by the progress of tillage, and partly go to decay, in consequence of the increased number of cattle. There, though they do not increase in the same proportion as corn, which is altogether the acquisition of human industry, yet multiply under the care and protection of men, who store up in the season of plenty what may maintain them in that of scarcity, who through the whole year furnish them with a greater quantity of food than uncultivated nature provides for them, and who, by destroying and extirpating their enemies, secure them in the free enjoyment of all that she provides. Numerous herds of cattle, when allowed to wander through the woods though they do not destroy the old trees, hinder any young ones from coming up, so that in the course of a century or two the whole forest goes to ruin. The scarcity of wood then raises its price. It affords a good rent, and the landlord sometimes finds that he can scarce employ his best lands

more advantageously than in growing barren timber, of which the greatness of the profit often compensates the lateness of the returns. This seems in the present times to be nearly the state of things in several parts of Great Britain, where the profit of planting is found to be equal to that of either corn or pasture. The advantage which the landlord derives from planting, can nowhere exceed, at least for any considerable time, the rent which these could afford him, and in an inland country which is highly cultivated, it will frequently not fall much short of this rent. Upon the sea-coast of a well-improved country, indeed, if coals can conveniently be had for fuel, it may sometimes be cheaper to bring barren timber for building from less cultivated foreign countries, then to raise it at home. In the new town of Edinburgh, built within these few years, there is not, perhaps, a single stick of Scotch timber.

Whatever may be the price of wood, if that of coals is such that the expense of a coal-fire is nearly equal to that of a wood one, we may be assured, that at that place, and in these circumstances, the price of coals is as high as it can be. It seems to be so in some of the inland parts of England, particularly in Oxfordshire, where it is usual to mix coals and wood together, and where the difference in the expense of those two sorts of fuel cannot, therefore, be very great.

Coals, in the coal countries, are everywhere much below this highest price. If they were not, they could not bear the expense of a distant carriage, either by land or by water. A small quantity only could be sold, and the coal masters and coal proprietors find it more for their interest to sell a great quantity at a price somewhat above the lowest, than a small quantity at the highest. The most fertile coal-mine, too, regulates the price of coals at all the other mines in its neighbourhood. Both the proprietor and the undertaker of the work find, the one that he can get a greater rent, the other that he can get a greater profit, by somewhat underselling all their neighbours. Their neighbours are soon obliged to sell at the same price, though they cannot so well afford it, and though it always diminishes, and sometimes takes away both their rent and their profit. Some works are abandoned, others can afford no rent, and can be wrought only by the proprietor.

The lowest price at which coals can be sold for any considerable time is, like that of all other commodities, the price which is barely sufficient to replace, together with its ordinary profits, the stock which must be employed in bringing them to market. At a coal-mine for which the landlord can get no rent, and which he must work himself, or at a loss, the price of coals must generally be nearly about this price.

Rent, even where coals afford one, has generally a smaller share

in their price than in that of more labour, of the rude produce of land. The rent of an estate above ground, commonly amounts to what is supposed to be a third of the gross produce, and it is generally a rent certain, and independent of the several variations in the crop. In consequence both of the gross produce is a very great rent, a tenth the common rent, and it is without a doubt certain, but depends upon the several variations in the produce. These are so great, that in a country where three years purchase is considered as a moderate price for the property of a landed estate, ten years purchase is reckoned a just price for that of a coal-mine. The value of a coal-mine to the proprietor frequently depends so much upon its position, as upon its fertility. That of a metallic mine depends more upon its fertility, and less upon its situation. The coal, and still more the produce of mines, when separated from the ore, are so valuable that they can generally bear the expense of a long transport, of the most distant sea carriage. The price of coal in the neighbourhood of the mine, but except in the whole world. The copper of Japan makes an article of commerce in Europe, the iron of Spain in that of Charavel Poco, and the silver of Peru finds its way, not only to Europe, but from Europe to China.

The price of coals in Westmoreland or Shropshire can have little effect on their price at Newcastle, and their price in the Liennois can have none at all. The productions of such distant coal-mines can never be brought into competition with one another. But the productions of the most distant metallic mines frequently may, and in fact commonly do. The price, therefore, of the coarse, and still more that of the precious metals, at the most fertile mines in the world, must necessarily more or less affect their price at every other in it. The price of copper in Japan must have some influence upon its price at the copper mines in Europe. The price of silver in Peru, or the quantity either of labour or of other goods which it will purchase there, must have some influence on its price, not only at the silver mines of Europe, but at those of China. After the discovery of the mines of Peru, the silver mines of Europe were, the greater part of them, abandoned. The value of silver was so much reduced that their produce could no longer pay the expense of working them, or replace with a profit, the food, clothes, lodging, and necessaries which were consumed in that operation. This was the case too with the mines of Cuba and St Domingo, and even with the ancient mines of Peru, after the discovery of those of Potosi.

The price of every metal at every mine, therefore, being regulated in some measure by its price at the most fertile mine in the world that is actually wrought, it can at the greater part of mine

do very little more than pay the expense of working, and can seldom afford a very high rent to the landlord. Rent, accordingly, seems at the greater part of mines to have but a small share in the price of the coarse, and a still smaller in that of the precious metals. Labour and profit make up the greater part of both. A sixth part of the gross produce may be reckoned the average rent of the tin mines of Cornwall, the most fertile that are known in the world, as we are told by the Rev Mr Borlace, vice-warden of the stannaries. Some, he says, afford more, and some do not afford so much. A sixth part of the gross produce is the rent too of several very fertile lead mines in Scotland.

In the silver mines of Peru, we are told by Frezier and Ulloa, the proprietor frequently exacts no other acknowledgment from the undertaker of the mine, but that he will grind the ore at his mill, paying him the ordinary multure or price of grinding. Till 1736, indeed, the tax of the king of Spain amounted to one-fifth of the standard silver, which till then might be considered as the real rent of the greater part of the silver mines of Peru, the richest which have been known in the world. If there had been no tax, this fifth would naturally have belonged to the landlord, and many mines might have been wrought which could not then be wrought, because they could not afford this tax. The tax of the Duke of Cornwall upon tin is supposed to amount to more than five per cent, or one twentieth part of the value, and whatever may be his proportion, it would naturally too belong to the proprietor of the mine, if tin was duty free. But if you add one-twentieth to one-sixth, you will find that the whole average rent of the tin mines of Cornwall, was to the whole average rent of the silver mines of Peru, as thirteen to twelve. But the silver mines of Peru are not now able to pay even this low rent, and the tax upon silver was in 1736, reduced from one-fifth to one-tenth. Even this tax upon silver too gives more temptation to smuggling than the tax of one-twentieth upon tin, and smuggling must be much easier in the precious than in the bulky commodity. The tax of the King of Spain accordingly is said to be very ill paid, and that of the Duke of Cornwall very well. Rent, therefore, it is probable, makes a greater part of the price of tin at the most fertile tin mines, than it does of silver at the most fertile silver mines in the world. After replacing the stock employed in working those different mines, together with its ordinary profits, the residue which remains to the proprietor, is greater in the course than in the precious metal.

Neither are the profits of the undertakers of silver mines commonly very great in Peru. The same most respectable and well informed authors acquaint us, that when any person undertakes to work a new mine in Peru, he is universally looked upon

as a man destined to bankruptcy and ruin, and is upon that account shunned and avoided by everybody Mining, it seems, is considered there in the same light as here as a lottery in which the prizes do not compensate the blanks, though the greatness of some tempts many adventurers to throw away their fortunes in such unprosperous projects

As the sovereign, however, derives a considerable part of his revenue from the produce of silver mines, the law in Peru gives every possible encouragement to the discovery and working of new ones Whoever discovers a new mine is entitled to measure off 246 feet in length, according to what he supposes to be the direction of the vein, and half as much in breadth He becomes proprietor of this portion of the mine, and can work it without paying any acknowledgment to the landlord The interest of the Duke of Cornwall has given occasion to a regulation nearly of the same kind in that ancient duchy In waste and uninclosed lands any person who discovers a tin mine, may mark out its limits to a certain extent, which is called bounding a mine The bounder becomes the real proprietor of the mine, and may either work it himself or give it in lease to another without the consent of the owner of the land, to whom a very small acknowledgment must be paid upon working it In both regulations the sacred rights of private property are sacrificed to the supposed interests of the public revenue The same encouragement is given in Peru to the discovery and working of new gold mines, and in gold the king's tax amounts only to a twentieth part of the standard metal It was once a fifth, and afterwards a tenth, as in silver, but it was found that the work could not bear even the lowest of these two taxes If it is rare, however, say the same authors, Frezier and Ulloa, to find a person who has made his fortune by a silver, it is still much rarer to find one who has done so by a gold mine This twentieth part seems to be the whole rent which is paid by the greater part of the gold mines in Chili and Peru Gold too is much more liable to be smuggled than even silver, not only on account of the superior value of the metal in proportion to its bulk, but on account of the peculiar way in which nature produces it Silver is very seldom found virgin, but, like most other metals, is generally mineralized with some other body, from which it is impossible to separate it in such quantities as will pay for the expense, but by a very laborious and tedious operation, which cannot well be carried on but in the workshops erected for the purpose, and therefore exposed to the inspection of the king's officers Gold, on the contrary, is almost always found virgin It is sometimes found in pieces of some bulk, and even when mixed in small and almost insensible particles with sand, earth, and other extraneous bodies, it can be

separated from them by a very short and simple operation, which can be carried on in any private house by anybody who is possessed of a small quantity of mercury. If the king's tax, therefore, is but ill paid upon silver, it is likely to be much worse paid upon gold, and rent must make a much smaller part of the price of gold, than even of that of silver.

The lowest price at which the precious metals can be sold, or the smallest quantity of other goods for which they can be exchanged during any considerable time, is regulated by the same principles which fix the lowest ordinary price of all other goods. The stock which must be employed, the food, clothes, and lodging which must be consumed in bringing them from the mine to the market, determine it. It must at least be sufficient to replace that stock with the ordinary profits. Their highest price, however, seems not to be necessarily determined by anything but the actual scarcity or plenty of those metals themselves. It is not determined by that of any other commodity in the same manner as the price of coals is by that of wood, beyond which no scarcity can ever raise it. Increase the scarcity of gold to a certain degree, and the smallest bit of it may become more precious than a diamond, and exchange for a greater quantity of other goods.

The demand for those metals arises partly from their utility and partly from their beauty. If you except iron, they are more useful than perhaps any other metal. As they are less liable to rust and impurity, they can more easily be kept clean, and the utensils either of the table or the kitchen are often upon that account more agreeable when made of them. A silver boiler is more cleanly than a lead, copper, or tin one, and the same quality would render a gold boiler still better than a silver one. Their principle merit, however, arises from their beauty, which renders them peculiarly fit for the ornaments of dress and furniture. No paint or die can give so splendid colour as gilding. The merit of their beauty is greatly enhanced by their scarcity. With the greater part of rich people the chief enjoyment of riches consists in the parade of riches, which in their eye is never so complete as when they appear to possess those decisive marks of opulence which nobody can possess but themselves. In their eyes the merit of an object which is in any degree either useful or beautiful, is greatly enhanced by its scarcity, or by the great labour which it requires to collect any considerable quantity of it, a labour which nobody can afford to pay but themselves. Such objects they are willing to purchase at a higher price than things much more beautiful and useful, but more common. These qualities of utility, beauty, and scarcity, are the original foundation of the high price of those metals, or of the great quantity of other

It is otherwise in estates above ground. The value both of their produce and of their rent is in proportion to their absolute, and not to their relative fertility. The land which produces a certain quantity of food, clothes, and lodging, can always feed, clothe, and lodge a certain number of people, and whatever may be the proportion of the landlord, it will always give him a proportionable command of the labour of those people, and of the commodities with which that labour can supply him. The value of the most barren lands is not diminished by the neighbourhood of the most fertile. On the contrary, it is generally increased by it. The great number of people maintained by the fertile lands afford a market to many parts of the produce of the barren, which they could never have found among those whom their produce alone could maintain.

Whatever increases the fertility of land in producing food, increases not only the value of the lands upon which the improvement is bestowed, but contributes likewise to increase that of many other lands, by creating a new demand for their produce. The abundance of food, of which, in consequence of the improvement of land, many people have the disposal beyond what they themselves can consume, is the great cause of the demand both for the precious metals and the precious stones, as well as for every other convenience and ornament of dress, lodging, household furniture and equipage. Food not only constitutes the principal part of the riches of the world, but it is the abundance of food which gives the principal part of their value to many other sorts of riches. The poor inhabitants of Cuba and St Domingo, when they were first discovered by the Spaniards, used to wear little bits of gold as ornaments in their hair and other parts of their dress. They seemed to value them as we would do any little pebbles of somewhat more than ordinary beauty, and to consider them as just worth the picking up, but not worth the refusing to anybody who asked them. They gave them to their new guests at the first request, without seeming to think they had made them any very valuable present. They were astonished to observe the rage of the Spaniards to obtain them, and had no notion that there could anywhere be a country in which many people had the disposal of so great a superfluity of food, so scanty always among themselves, that for a very small quantity of those glittering baubles they would willingly give as much as might maintain a whole family for many years. Could they have been made to understand this, the passion of the Spaniards would not have surprised them.

PART III.—*Of the Variations in the Proportion between the respective Values of that sort of Produce which always affords rent,*

and of that which sometimes does and sometimes does not afford rent
 —The increasing abundance of food, in consequence of increasing improvement and cultivation, must necessarily increase the demand for every part of the produce of land which is not food, and which can be applied either to use or to ornament. In the whole progress of improvement, it might therefore be expected, that there should be only one variation in the comparative values of those two different sorts of product. The value of that sort which sometimes does and sometimes does not afford rent should constantly rise in proportion to that which always affords some rent. As art and industry advance, the materials of clothing and lodging, the useful fossils and minerals of the earth, the precious metals and the precious stones, should gradually come to be more and more in demand, should gradually exchange for a greater and a greater quantity of food, or in other words, should gradually become dearer and dearer. This accordingly has been the case with most of these things upon most occasions, and would have been the case with all of them upon all occasions, if particular accidents had not upon some occasions increased the supply of some of them in a still greater proportion than the demand.

The value of a freestone quarry, for example, will necessarily increase with the increasing improvement and population of the country round about it, especially if it should be the only one in the neighbourhood. But the value of a silver mine, even though there should not be another within a thousand miles of it, will not necessarily increase with the improvement of the country in which it is situated. The market for the produce of a freestone quarry, can seldom extend more than a few miles round about it, and the demand must generally be in proportion to the improvement and population of that small district. But the market for the produce of a silver mine may extend over the whole known world. Unless the world in général, therefore, be advancing in improvement and population, the demand for silver might not be at all increased by the improvement even of a large country in the neighbourhood of the mine. Even though the world in general were improving, yet if, in the course of its improvement, new mines should be discovered, much more fertile than any which had been known before, though the demand for silver would necessarily increase, yet the supply might increase in so much a greater proportion, that the real price of that metal might gradually fall; that is, any given quantity, a pound weight of it, for example, might gradually purchase or command a smaller and a smaller quantity of labour, or exchange for a smaller and a smaller quantity of corn, the principal part of the subsistence of the labourer. The great market for silver is the commercial and civilized part of the world.

If, by the general progress of improvement, the demand of this market should increase, while at the same time the supply did not increase in the same proportion, the value of silver would gradually rise in proportion to that of corn. Any given quantity of silver would exchange for a greater and a greater quantity of corn, the average money price of corn would gradually become cheaper and cheaper.

If, on the contrary, the supply, by some accident, should increase for many years together in a greater proportion than the demand, that metal would gradually become cheaper and cheaper, or, in other words, the average money price of corn would, in spite of all improvements, gradually become dearer and dearer. But if, on the other hand, the supply of the metal should increase nearly in the same proportion as the demand, it would continue to purchase or exchange for nearly the same quantity of corn, and the average money price of corn would, in spite of all improvements, continue very nearly the same.

These three seem to exhaust all the possible combinations of events which can happen in the progress of improvements, and during the course of the four centuries preceding the present, if we may judge by what has happened both in France and in Great Britain, each of those combinations seems to have taken place in the European market, and nearly in the same order too in which I have here set them down.

Digression concerning the Variations in the Value of Silver during the Course of the Four last Centuries

FIRST PERIOD — In 1350, and for some time before, the average price of the quarter of wheat in England seems not to have been estimated lower than four ounces of silver, Tower-weight, equal to about twenty shillings of our present money. From this price it seems to have fallen gradually to two ounces of silver, equal to about ten shillings of our present money, the price at which we find it estimated in the beginning of the sixteenth century, and at which it seems to have continued to be estimated till about 1570.

In 1350, being the 25th of Edward III, was enacted what is called, The Statute of Labourers. In the preamble it complains much of the insolence of servants, who endeavoured to raise their wages upon their masters. It therefore ordains, that all servants and labourers should for the future be contented with the same wages and liveries (liveries in those times signified, not only clothes, but provisions) which they had been accustomed to receive in the 20th year of the king, and the four preceding years, that upon this account their livery wheat should nowhere be estimated higher than tenpence a bushel, and that it should always be in the option of the master to deliver them either the wheat or

the money Tenpence a bushel, therefore, had, in the 25th of Edward III, been reckoned a very moderate price of wheat, since it required a particular statute to oblige servants to accept of it in exchange for their usual livery of provisions, and it had been reckoned a reasonable price ten years before that, or, in the 16th year of the king, the term to which the statute refers. But in the 16th year of Edward III, tenpence contained about half an ounce of silver, Tower-weight, and was nearly equal to half a crown of our present money. Four ounces of silver, Tower-weight, therefore, equal to six shillings and eightpence of the money of those times, and to near twenty shillings of that of the present, must have been reckoned a moderate price for the quarter of eight bushels.

This statute is surely a better evidence of what was reckoned in those times a moderate price of grain, than the prices of some particular years which have generally been recorded by historians and other writers on account of their extraordinary dearness or cheapness, and from which, therefore, it is difficult to form any judgment concerning what may have been their ordinary price. There are, besides, other reasons for believing that in the beginning of the fourteenth century, and for some time before, the common price of wheat was not less than four ounces of silver the quarter, and that of other grain in proportion.

In 1309, Ralph de Born, Prior of St Augustine's, Canterbury, gave a feast upon his installation day, of which William Thorn has preserved, not only the bill of fare, but the prices of many particulars. In that feast were consumed, 1st, Fifty-three quarters of wheat, which cost nineteen pounds, or seven shillings and two-pence a quarter, equal to about one-and-twenty shillings and six pence of our present money, 2dly, Fifty-eight quarters of malt, which cost seventeen pounds ten shillings, or six shillings a quarter, equal to about eighteen shillings of our present money, 3dly, Twenty quarters of oats, which cost four pounds, or four shillings a quarter, equal to about twelve shillings of our present money. The prices of malt and oats seem here to be higher than their ordinary proportion to the price of wheat.

These prices are not recorded on account of their extraordinary dearness or cheapness, but are mentioned as the prices actually paid for large quantities of grain consumed at a feast famous for its magnificence.

In 1262, being the 51st of Henry III, was revived an ancient statute called, *The Assize of Bread and Ale*, which, the king says in the preamble, had been made in the time of his progenitors sometime kings of England. It is probably, therefore, as old at least as the time of his grandfather Henry II, and may have been as old as the conquest. It regulates the price of bread according

as the prices of wheat may happen to be, from one shilling to twenty shillings the quarter of the money of those times. But statutes of this kind are generally presumed to provide with equal care for all deviations from the middle price, for those below it as well as for those above it. Ten shillings, therefore, containing six ounces of silver, Tower-weight, and equal to about thirty shillings of our present money, must upon this supposition, have been reckoned the middle price of the quarter of wheat when this statute was first enacted, and must have continued to be so in the 51st of Henry III. We cannot therefore be very wrong in supposing that the middle price was not less than one-third of the highest price at which this statute regulates the price of bread, or than six shillings and eight pence of the money of those times, containing four ounces of silver, Tower-weight.

From these different facts we have some reason to conclude, that about the middle of the fourteenth century, and for a considerable time before, the ordinary price of the quarter of wheat was not supposed to be less than four ounces of silver, Tower weight.

From about the middle of the fourteenth to the beginning of the sixteenth century, what was reckoned the reasonable and moderate, that is the ordinary or average price of wheat, seems to have sunk gradually to about one-half of this price, so as at last to have fallen to about 2 oz of silver, Tower-weight, equal to about ten shillings sterling. It continued to be estimated at this price till about 1570.

In the household book of Henry, the fifth Earl of Northumberland, drawn up in 1512, there are two different estimations of wheat. In one of them it is computed at six shillings and eight pence the quarter, in the other at five shillings and eight pence only. In 1512, six shillings and eight pence contained only two ounces of silver, Tower-weight, and were equal to about ten shillings of our present money.

From the 25th of Edward III to the beginning of the reign of Elizabeth, during the space of more than two hundred years, six shillings and eight pence, it appears from several different statutes, had continued to be considered as what is called the moderate and reasonable, that is the ordinary or average price of wheat. The quantity of silver, however, contained in that nominal sum was, during the course of this period, continually diminishing, in consequence of some alterations which were made in the coin. But the increase of the value of silver had, it seems, so far compensated the diminution of the quantity of it contained in the same nominal sum, that the legislature did not think it worth while to attend to this circumstance.

Thus in 1436 it was enacted, that wheat might be exported without a licence when the price was so low as six shillings and eight-

pence, and in 1463 it was enacted, that no wheat should be imported if the price was not above six shillings and eightpence the quarter. The legislature had imagined that when the price was so low, there could be no inconvenience in exportation, but that when it rose higher it became prudent to allow of importation. Six shillings and eight pence, therefore, containing about the same quantity of silver as $13s\ 4d$ of our present money (one third part less than the nominal sum contained in the time of Ed III.), had in those times been considered as what is called the moderate and reasonable price of wheat.

In 1554, by the 1st and 2nd of Philip and Mary, and in 1558, by the 1st of Elizabeth, the exportation of wheat was in the same manner prohibited, whenever the price of the quarter should exceed 6s 8d, which did not then contain twopennyworth more silver than the same nominal sum does at present. But it had soon been found that to restrain the exportation of wheat till the price was so very low, was, in reality, to prohibit it altogether. In 1562, therefore, by the 5th of Elizabeth, the exportation of wheat was allowed from certain ports whenever the price of the quarter should not exceed 10s, containing nearly the same quantity of silver as the like nominal sum does at present. This price had at this time been considered as what is called the reasonable price of wheat. It agrees nearly with the estimation of the Northumberland House book in 1512.

That in France the average price of grain was, in the same manner, much lower in the end of the fifteenth and beginning of the sixteenth century, than in the two centuries preceding, has been observed both by Mr Duprè de St. Maur, and by the author of the *Essay on the Police of Grain*. Its price, during the same period, had probably sunk in the same manner through the greater part of Europe.

This rise in the value of silver, in proportion to that of corn, may either have been owing altogether to the increase of the demand for that metal, in consequence of increasing improvement and cultivation, the supply in the meantime continuing the same as before, or, the demand continuing the same as before, it may have been owing altogether to the gradual diminution of the supply, the greater part of the mines which were then known in the world being much exhausted, and consequently the expense of working them much increased, or it may have been owing partly to the one and partly to the other of those two circumstances. In the end of the fifteenth and beginning of the sixteenth centuries, the greater part of Europe was approaching towards a more settled form of government than it had enjoyed for several ages before. The increase of security would naturally increase industry and improvement and the demand for the precious metals, as well as

for every other luxury and ornament, would naturally increase with the increase of riches. A greater annual produce would require a greater quantity of coin to circulate it, and a greater number of rich people would require a greater quantity of plate and other ornaments of silver. It is natural to suppose too, that the greater part of the mines which then supplied the European market with silver might be a good deal exhausted, and become more expensive in the working. Many had been wrought of them from the time of the Romans.

It has been the opinion, however, of the greater part of those who have written upon the prices of commodities in ancient times, that, from the Conquest, perhaps from the invasion of Julius Caesar, till the discovery of the mines of America, the value of silver was continually diminishing. This opinion they seem to have been led into, partly by the observations which they had occasion to make both upon the prices of corn and of some other parts of the rude produce of land, and partly by the popular notion, that as the quantity of silver naturally increases in every country with the increase of wealth, so its value diminishes as its quantity increases.

In their observations upon the prices of corn, three different circumstances seem frequently to have misled them.

I. In ancient times almost all rents were paid in kind, in a certain quantity of corn, cattle, poultry, etc. It sometimes happened, however, that the landlord would stipulate, that he should be at liberty to demand of the tenant either the annual payment in kind, or a certain sum of money instead of it. The price at which the payment in kind was in this manner exchanged for a certain sum of money, is in Scotland called the conversion price. As the option is always in the landlord to take either the substance or the price, it is necessary for the safety of the tenant, that the conversion price should rather be below than above the average market price. In many places, accordingly, it is not much above one-half of this price. Through the greater part of Scotland this custom still continues with regard to poultry, and in some places with regard to cattle. It might probably have continued to take place too with regard to corn, had not the institution of the public fairs put an end to it. These are annual valuations, according to the judgment of an assize, of the average price of all the different sorts of grain, and of all the different qualities of each, according to the actual market price in every different county. This institution rendered it sufficiently safe for the tenant, and much more convenient for the landlord, to convert, as they call it, the corn rent, rather at what should happen to be the price of the fairs of each year, than at any certain fixed price. But the writers who have collected the prices of corn in ancient times, seem frequently to have mistaken what is called in Scotland the conversion price for

the actual market price Fleetwood acknowledges, upon one occasion, that he had made this mistake. As he wrote his book, however, for a particular purpose, he does not think, proper to make this acknowledgment till after transcribing this conversion price fifteen times. The price is eight shillings the quarter of wheat. This sum in 1423, the year at which he begins with it, contained the same quantity of silver as sixteen shillings of our present money. But in 1562, the year at which he ends with it, it contained no more than the same nominal sum does at present.

II They have been misled by the slovenly manner in which some ancient statutes of assize had been sometimes transcribed by lazy copiers, and perhaps actually composed by the legislature.

The ancient statutes of assize seem to have begun always with determining what ought to be the price of bread and ale when the price of wheat and barley were at the lowest, and to have proceeded gradually to determine what it ought to be, according as the prices of those two sorts of grain should gradually rise above this lowest price. But the transcribers of those statutes seem frequently to have thought it sufficient to copy the regulation as far as the three or four first and lowest prices, saving their own labour and judging that this was enough to show what proportion ought to be observed in all higher prices.

Thus, in the assize of bread and ale of the 51st of Henry III, the price of bread was regulated according to the different prices of wheat, from one shilling to twenty shillings the quarter of the money of those times. But in the manuscripts from which all the different editions of the statutes, preceding that of Mr Russhead, were printed, the copiers had never transcribed this regulation beyond the price of twelve shillings. Several writers, therefore, being misled by this faulty transcription, very naturally concluded that the middle price, or six shillings the quarter, equal to about eighteen shillings of our present money, was the ordinary or average price of wheat at that time.

In the statute of Tumbrel and Pillory, enacted nearly about the same time, the price of ale is regulated according to every sixpence rise in the price of barley, from two shillings to four shillings the quarter. That four shillings, however, was not considered as the highest price to which barley might frequently rise in those times, and that these prices were only given as an example of the proportion which ought to be observed in all other prices, whether higher or lower, we may infer from the last words of the statute. 'et sic deinceps crescat vel diminuatur per sex denarios.' The expression is very slovenly, but the meaning is plain enough: 'That the price of ale is in this manner to be increased or diminished according to every sixpence rise or fall in the price of barley.' In the composition of this statute the legislature itself

seems to have been as negligent as the copiers were in the transcription of the other

In an ancient MS of the Regiam Majestatem, an old Scotch law book, there is a statute of assize, in which the price of bread is regulated according to all the different prices of wheat, from tenpence to three shillings the Scotch boll, equal to about half an English quarter. Three shillings Scotch at the time when this assize is supposed to have been enacted, were equal to about nine shillings sterling of our present money. Mr Ruddiman seems (pref. to Anderson's *Diplomata Scotiae*) to conclude from this, that three shillings was the highest price to which wheat ever rose in those times, and that tenpence, a shilling, or at most two shillings, were the ordinary prices. Upon consulting the MS it appears that all these prices are only set down as examples of the proportion which ought to be observed between the respective prices of wheat and bread. The last words of the statute are, 'reliqua judicabis secundum præscripta habendo respectum ad pretium bladi' 'You shall judge of the remaining cases according to what is above written, having a respect to the price of corn'

III. They seem to have been misled too by the very low price at which wheat was sometimes sold in very ancient times, and to have imagined, that as its lowest price was then much lower than in later times, its ordinary price must likewise have been much lower. They might have found, however, that in those ancient times, its highest price was fully as much above, as its lowest price was below anything that had ever been known in later times. Thus, in 1270, Fleetwood gives us two prices of the quarter of wheat. The one is four pounds sixteen shillings of the money of those times, equal to fourteen pounds eight shillings of that of the present, the other is six pounds eight shillings, equal to nineteen pounds four shillings of our present money. No price can be found in the end of the fifteenth, or beginning of the sixteenth century, which approaches to the extravagance of these. The price of corn, though at all times liable to variation, varies most in those turbulent and disorderly societies, in which the interruption of all commerce and communication hinders the plenty of one part of the country from relieving the scarcity of another. In the disorderly state of England under the Plantagenets, who governed it from about the middle of the twelfth, till towards the end of the fifteenth century, one district might be in plenty, while another at no great distance, by having its crop destroyed either by some accident of the seasons, or by the incursion of some neighbouring baron, might be suffering all the horrors of a famine, and yet if the lands of some hostile lord were interposed between them, the one might not be able to give the least assistance to the other. Under the vigorous administration of the Tudors, who governed

England during the latter part of the fifteenth, and through the whole of the sixteenth century, no baton was powerful enough to dare to disturb the public security.

The reader will find at the end of this chapter all the prices of wheat which have been collected by Fleetwood from 1202 to 1597, both inclusive, reduced to the money of the present times, and digested according to the order of time, into seven divisions of twelve years each. At the end of each division, too, he will find the average price of the twelve years of which it consists. In that long period of time, Fleetwood has been able to collect the prices of no more than eighty years, so that four years are wanting to make out the last twelve years. I have added, therefore, from the accounts of Eton College, the prices of 1598, 1599, 1600, and 1601. It is the only addition which I have made. The reader will see, that from the beginning of the thirteenth, till after the middle of the sixteenth century, the average price of each twelve years grows gradually lower and lower, and that towards the end of the sixteenth century it begins to rise again. The prices, indeed, which Fleetwood has been able to collect, seem to have been those chiefly which were remarkable for extraordinary dearness, or cheapness, and I do not pretend that any very certain conclusion can be drawn from them. So far, however, as they prove anything at all, they confirm the account which I have been endeavouring to give. Fleetwood himself, however, seems, with most other writers, to have believed, that during all this period the value of silver, in consequence of its increasing abundance, was continually diminishing. The prices of corn which he himself has collected, certainly do not agree with this opinion. They agree perfectly with that of Mr Duprè de St. Maur, and with that which I have been endeavouring to explain. Bishop Fleetwood and Mr Duprè de St. Maur are the two authors who seem to have collected, with the greatest diligence and fidelity, the prices of things in ancient times. It is somewhat curious that, though their opinions are so very different, their facts, so far as they relate to the price of corn at least, should coincide so very exactly.

It is not, however, so much from the low price of corn, as from that of some other parts of the rude produce of land, that the most judicious writers have inferred the great value of silver in those very ancient times. Corn, it has been said, being a sort of manufacture, was, in those rude ages, much dearer in proportion than the greater part of other commodities, it is meant, I suppose than the greater part of unmanufactured commodities, such as cattle, poultry, game of all kinds, etc. That in those times of poverty and barbarism these were proportionably much cheaper than corn is undoubtedly true. But this cheapness was not the effect of the high value of silver, but of the low value of those

commodities It was not because silver would in such times purchase or represent a greater quantity of labour, but because such commodities would purchase or represent a much smaller quantity than in times of more opulence and improvement. Silver must certainly be cheaper in Spanish America than in Europe, in the country where it is produced, than in the country to which it is brought at the expense of a long carriage both by land and by sea, of a freight, and an insurance One and-twenty-pence halfpenny sterling, however, we are told by Ulloa, was, not many years ago, at Buenos Ayres, the price of an ox chosen from a herd of three or four hundred Sixteen shillings sterling, we are told by Mr. Byron, was the price of a good horse in the capital of Chili In a country naturally fertile, but of which the far greater part is altogether uncultivated, cattle, poultry, game of all kinds, etc., as they can be acquired with a very small quantity of labour, so they will purchase but a very small quantity The low money price for which they may be sold, is no proof that the real value of silver is there very high, but that the real value of those commodities is very low

Labour, it must always be remembered, and not any particular commodity or set of commodities, is the real measure of the value both of silver and of all other commodities

But in countries almost waste, or but thinly inhabited, cattle, poultry, game of all kinds, etc., as they are the spontaneous productions of nature, so she frequently produces them in much greater quantities than the consumption of the inhabitants requires. In such a state of things the supply commonly exceeds the demand In different states of society, in different stages of improvement such commodities will represent, or be equivalent to, very different quantities of labour.

In every state of society, in every stage of improvement, corn is the production of human industry But the average produce of every sort of industry is always suited, more or less exactly, to the average consumption, the average supply to the average demand In every different stage of improvement, besides, the raising of equal quantities of corn in the same soil and climate, will, at an average, require nearly equal quantities of labour, or what comes to the same thing, the price of nearly equal quantities; the continual increase of the productive powers of labour in an improved state of cultivation, being more or less counterbalanced by the continually increasing price of cattle, the principal instrument of agriculture. Upon all these accounts, therefore, we may rest assured, that equal quantities of corn will, in every state of society, in every stage of improvement, more nearly represent, or be equivalent to, equal quantities of labour, than equal quantities of any other part of the rude produce of land Corn, it has already been observed, is, in all the different stages of wealth and in-

provement, a more accurate measure of value than any other commodity or set of commodities. In all those different stages, we can judge better of the real value of silver, by comparing it with corn, than by comparing it with any other commodity, or set of commodities.

Corn, besides, or whatever else is the common and favourite vegetable food of the people, constitutes, in every civilized country, the principal part of the subsistence of the labourer. In consequence of the extension of agriculture, the land of every country produces a much greater quantity of vegetable than animal food, and the labourer everywhere lives chiefly upon the wholesome food that is cheapest and most abundant. Butcher's meat, except in the most thriving countries, or where labour is most highly rewarded, makes but an insignificant part of his subsistence; poultry makes a still smaller part of it, and game no part of it. In France, and even in Scotland where labour is somewhat better rewarded than in France the labouring poor seldom eat butcher's meat, except upon holidays and other extraordinary occasions. The money price of labour, therefore, depends much more upon the average money price of corn, the subsistence of the labourer, than upon that of the butcher's meat, or of any other part of the rude produce of the land. The real value of gold and silver, the real quantity of labour which they can purchase, depends much more upon the quantity of corn which they can purchase or command, than upon that of butcher's meat, or any other part of the rude produce of the land.

Such slight observations, however, upon the prices either of corn or of other commodities, would not probably have misled so many intelligent authors, had they not been influenced, at the same time, by the popular notion, that as the quantity of silver naturally increases in every country with the increase of wealth, so its value diminishes as its quantity increases. This notion seems to be altogether groundless.

The quantity of the precious metals may increase in any country from two different causes either, first, from the increased abundance of the mines which supply it, or, secondly, from the increased wealth of the people, from the increased produce of their annual labour. The first of these causes is no doubt necessarily connected with the diminution of the value of the precious metals; but the second is not.

When more abundant mines are discovered, a greater quantity of the precious metals is brought to market, and the quantity of the necessaries and conveniences of life for which they must be exchanged being the same as before, equal quantities of the metals must be exchanged for smaller quantities of commodities. So far, therefore, as the increase of the quantity of the precious metals in

any country arises from the increased abundance of mines, it is necessarily connected with some diminution of their value.

When, on the contrary, the wealth of any country increases, when the annual produce of its labour becomes gradually greater, a greater quantity of coin becomes necessary in order to circulate a greater quantity of commodities and the people, as they can afford it, as they have more commodities to give for it, will naturally purchase a greater and a greater quantity of plate. The quantity of their coin will increase from necessity, the quantity of their plate from vanity and ostentation, or from the same reason that the quantity of fine statues, pictures, and of every other luxury and curiosity, is likely to increase among them. But as statuaries and painters are not likely to be worse rewarded in times of wealth and prosperity, than in times of poverty and depression, so gold and silver are not likely to be worse paid for.

The price of gold and silver, when the accidental discovery of more abundant mines does not keep it down, as it naturally rises with the wealth of every country, so, whatever be the state of the mines, it is at all times naturally higher in a richer than in a poor country. Gold and silver, like all other commodities, naturally seek the market where the best price is given for them, and the best price is commonly given for everything in the country which can best afford it. Labour, it must be remembered, is the ultimate price which is paid for everything, and in countries where labour is equally well rewarded, the money price of labour will be in proportion to that of the subsistence of the labourer. But gold and silver will naturally exchange for a greater quantity of subsistence in a rich than in a poor country, in a country which abounds with subsistence, than in one which is but indifferently supplied with it. If the two countries are at a great distance, the difference may be very great, because though the metals naturally fly from the worse to the better market, yet it may be difficult to transport them in such quantities as to bring their price nearly to a level in both. If the countries are near, the difference will be smaller, and may sometimes be scarce perceptible, because in this case the transportation will be easy. China is a much richer country than any part of Europe, and the difference between the price of subsistence in China and in Europe is very great. Rice in China is much cheaper than wheat is anywhere in Europe. England is a much richer country than Scotland, but the difference between the money price for corn in those two countries is much smaller, and is but just perceptible. In proportion to the quantity or measure, Scotch corn generally appears to be a good deal cheaper than English, but in proportion to its quality, it is certainly somewhat dearer. Scotland receives almost every year very large supplies from England, and every commodity must commonly be

somewhat dearer in the country to which it is brought than in that from which it comes English corn must be dearer in Scotland than in England, and yet in proportion to its quality, or to the quantity and goodness of the flour or meal made from it, it cannot commonly be sold higher there than the Scotch corn, which comes to the market in competition with it.

The difference between the money price of labour in China and in Europe, is still greater than that between the money price of subsistence, because the real recompence of labour is higher in Europe than in China, the greater part of Europe being in an improving state, while China seems to be standing still. The money price of labour is lower in Scotland than in England, because the real recompence of labour is much lower, Scotland, though advancing to greater wealth, advancing much more slowly than England. The frequency of emigration from Scotland, and the rarity of it from England, sufficiently prove that the demand for labour is very different in the two countries. The proportion between the real recompence of labour in different countries is naturally regulated, not by their actual wealth or poverty, but by their advancing, their stationary, or their declining condition.

Gold and silver, as they are naturally of the greatest value among the richest, so they are naturally of the least value among the poorest nations. Among savages, who are the poorest of all nations, they are of scarce any value. In great towns corn is always dearer than in remote parts of the country. This, however, is the effect, not of the real cheapness of silver, but of the real dearness of corn. It does not cost less labour to bring silver to the great town than to the remote parts of the country, but it costs a great deal more to bring corn.

In some very rich and commercial countries, such as Holland and the territory of Genoa, corn is dear for the same reason that it is dear in great towns. They do not produce enough to maintain their inhabitants. They are rich in the industry and skill of their artificers and manufacturers, in every sort of machinery which can facilitate and abridge labour, in shipping, and in all the other instruments and means of carriage and commerce but they are poor in corn, which, as it must be brought to them from distant countries, must, by an addition to its price, pay for the carriage from those countries. It does not cost less labour to bring silver to Amsterdam than to Dantzic, but it costs a great deal more to bring corn. The real cost of silver must be nearly the same in both places, but that of corn must be very different. Diminish the real opulence either of Holland or of the territory of Genoa, while the number of their inhabitants remains the same, diminish their power of supplying themselves from distant countries, and the price of corn, instead of sinking with that diminution in the

quantity of their silver, which must necessarily accompany this declension, either as its cause or as its effect, will rise to the price of a famine. When we are in want of necessaries we must part with all superfluities, of which the value, as it rises in times of opulence and prosperity, so it sinks in times of poverty and distress. It is otherwise with necessaries. Their real price, the quantity of labour which they can purchase or command, rises in times of poverty and distress, and sinks in times of opulence and prosperity, which are always times of great abundance, for they could not otherwise be times of opulence and prosperity. Corn is a necessary, silver is only a superfluity.

Whatever, therefore, may have been the increase in the quantity of the precious metals, which, during the period between the middle of the fourteenth and that of the sixteenth century, arose from the increase of wealth and improvement, it could have no tendency to diminish their value either in Great Britain, or in any other part of Europe. If those who have collected the price of things in ancient times, therefore had, during this period, no reason to infer the diminution of the value of silver, from any observations which they had made upon the prices either of corn or of other commodities, they had still less reason to infer it from any supposed increase of wealth and improvement.

PERIOD II.—But how various soever may have been the opinions of the learned concerning the progress of the value of silver during this first period, they are unanimous concerning it during the second.

From about 1570 to about 1640, during a period of about seventy years, the variation in the proportion between the value of silver and that of corn, held a quite opposite course. Silver sunk in its real value, or would exchange for a smaller quantity of labour than before, and corn rose in its nominal price, and instead of being commonly sold for about two ounces of silver the quarter, or about ten shillings of our present money, came to be sold for six and eight ounces of silver the quarter, or about thirty and forty shillings of our present money.

The discovery of the abundant mines in America, seem to have been the sole cause of this diminution in the value of silver in proportion to that of corn. It is accounted for accordingly in the same manner by everybody, and there never has been any dispute either about the fact, or about the cause of it. The greater part of Europe was, during this period, advancing in industry and improvement, and the demand for silver must have been increasing. But the increase of the supply had so far exceeded that of the demand, that the value of that metal sunk considerably. The discovery of the mines of America, it is to be observed, does not seem to have had any very sensible effect upon the prices of things

in England till after 1570, though even the mines of Potosi had been discovered more than twenty years before

From 1595 to 1620, both inclusive, the average price of the quarter of nine bushels of the best wheat at Windsor market, appears from the accounts of Eton College, to have been £2 1s 6*2*d. From which sum, neglecting the fraction, and deducting a ninth, or 4*s* 7*3*d, the price of the quarter of eight bushels comes out to have been £1 16*s* 10*3*d. And from this sum, neglecting likewise the fraction, and deducting a ninth, or 4*s* 1*3*d, for the difference between the price of the best wheat and that of the middle wheat, the price of the middle wheat comes out to have been about £1 12*s* 8*3*d, or about 60*s* and $\frac{1}{3}$ of an ounce of silver.

From 1621 to 1636, both inclusive, the average price of the same measure of the best wheat at the same market, appears, from the same accounts, to have been £2 10*s*, from which making the like deductions, as in the foregoing case, the average price of the quarter of eight bushels of middle wheat comes out to have been £1 19*s* 6*d*, or about seven ounces and two thirds of an ounce of silver.

PERIOD III.—Between 1630 and 1640, or about 1636, the effect of the discovery of the mines of America in reducing the value of silver, appears to have been completed, and the value of that metal seems never to have sunk lower in proportion to that of corn than it was about that time. It seems to have risen somewhat in the course of the present century, and it had probably begun to do so even some time before the end of the last. From 1637 to 1700, both inclusive, being the sixty-four last years of the last century, the average price of the quarter of nine bushels of the best wheat at Windsor market, appears, from the same accounts, to have been £2 11*s* 0*3*d, which is only 1*s* 0*3*d dearer than it had been during the sixteen years before. But in the course of these sixty-four years there happened two events which must have produced a much greater scarcity of corn than what the course of the seasons would otherwise have occasioned, and which, therefore, without supposing any further reduction in the value of silver, will much more than account for this very small enhancement of price.

The first of these events was the civil war, which, by discouraging tillage and interrupting commerce, must have raised the price of corn much above what the course of the seasons would otherwise have occasioned. It must have had this effect more or less at all the different markets in the kingdom, but particularly at those in the neighbourhood of London, which required to be supplied from the greatest distance. In 1648, accordingly, the price of the best wheat at Windsor market, appears from the same accounts, to have been £4 5*s*, and in 1649 to have been £4 the quarter of nine bushels. The excess of those two years above £2 10*s*. (the average price of the sixteen years preceding 1637) is £3 5*s*, which

divided among the sixty-four last years of the last century, will alone very nearly account for that small enhancement of price which seems to have taken place in them. These, however, though the highest, are by no means the only high prices which seem to have been occasioned by the civil wars.

The second event was the bounty upon the exportation of corn, granted in 1688. The bounty, it has been thought by many people, by encouraging tillage, may in a long course of years, have occasioned a greater abundance, and consequently a greater cheapness of corn in the home-market, than that would otherwise have taken place there. How far the bounty could produce this effect at any time, I shall examine hereafter, I shall only observe at present, that between 1688 and 1700, it had not time to produce any such effect. During this short period its only effect must have been, by encouraging the exportation of the surplus produce of every year, and thereby hindering the abundance of one year from compensating the scarcity of another, to raise the price in the home-market. The scarcity which prevailed in England from 1693 to 1699, both inclusive, though no doubt principally owing to the badness of the seasons, and, extending through a considerable part of Europe, must have been enhanced by the bounty. In 1699, accordingly, the exportation of corn was prohibited for 9 months.

There was a third event which occurred in the course of the same period, and which, though it could not occasion any scarcity of corn, nor perhaps any augmentation in the real quantity of silver which was usually paid for it, must necessarily have occasioned some augmentation in the nominal sum. This event was the great debasement of the silver coin, by clipping and wearing. This evil had begun in the reign of Charles II and had gone on continually increasing till 1695, at which time, as we may learn from Mr Lowndes, the current silver coin was, at an average, near five-and-twenty per cent below its standard value. But the nominal sum which constitutes the market price of every commodity is necessarily regulated, not so much by the quantity of silver which, according to the standard, ought to be contained in it, as by that which, it is found actually is contained in it. This nominal sum is necessarily higher when the coin is much debased by clipping and wearing, than when near to its proper standard value.

In the course of the present century, the silver coin has not at any time been more below its standard weight than it is at present. But though very much defaced, its value has been kept up by that of the gold coin for which it is exchanged. For though before the late recoinage the gold coin was a good deal defaced too, it was less so than the silver. In 1695, on the contrary, the value of the silver coin was not kept up by the gold coin, a guinea then commonly exchanging for thirty shillings of the worn and clipt silver. Before

the late recoinage of the gold, the price of silver bullion was seldom higher than five shillings and seven-pence an ounce, which is but five-pence above the mint price. But in 1695, the common price of silver bullion was six shillings and five-pence an ounce,* which is fifteen-pence above the mint price. Even before the late recoinage of the gold, therefore, the coin, gold and silver together, when compared with silver bullion, was not supposed to be more than eight per cent below its standard value. In 1695, on the contrary, it had been supposed to be near five-and-twenty per cent below that value. But in the beginning of the present century, that is, immediately after the great recoinage in King William's time, the greater part of the current silver coin must have been still nearer to its standard weight than it is at present. In the course of the present century too there has been no great public calamity, such as the civil war, which could either discourage tillage or interrupt the interior commerce of the country. And though the bounty which has taken place through the greater part of this century, must always raise the price of corn somewhat higher than it otherwise would be in the actual state of tillage, yet as in the course of this century the bounty has had full time to produce all the good effects commonly imputed to it, to encourage tillage, and thereby to increase the quantity of corn in the home market, it may, upon the principles of a system which I shall explain and examine hereafter, be supposed to have done something to lower the price of that commodity the one way, as well as to raise it the other. It is by many people supposed to have done more. In the sixty-four years of the present century accordingly, the average price of the quarter of nine bushels of the best wheat at Windsor market, appears, by the accounts of Eton College, to have been £2 os 6 $\frac{1}{2}$ d., which is about ten shillings and sixpence, or more than five-and-twenty per cent cheaper than it had been during the sixty-four last years of the last century, and about nine shillings and sixpence cheaper than it had been during the sixteen years preceding 1636, when the discovery of the abundant mines of America may be supposed to have produced its full effect, and about one shilling cheaper than it had been in the twenty-six years preceding 1620, before that discovery can well be supposed to have produced its full effect. According to this account, the average price of middle wheat, during these sixty-four first years of the present century, comes out to have been about £1 12s the quarter of eight bushels.

The value of silver, therefore, seems to have risen somewhat in proportion to that of corn during the course of the present century, and it had probably begun to do so some time before the end of the last

* Lowndes's *Essay on the Silver Coin*, p 68

In 1687, the price of the quarter of 9 bushels of the best wheat at Windsor market was £1 5s 2d, the lowest price at which it had ever been from 1595.

In 1688, Mr Gregory King, a man famous for his knowledge in matters of this kind, estimated the average price of wheat in years of moderate plenty to be to the grower 3s 6d the bushel, or eight-and-twenty shillings the quarter. The grower's price I understand to be the same with what is sometimes called the contract price, or the price at which a farmer contracts for a certain number of years to deliver a certain quantity of corn to a dealer. As a contract of this kind saves the farmer the expense and trouble of marketing, the contract price is generally lower than what is supposed to be the average market price. Mr. King had judged eight-and-twenty shillings the quarter to be at that time the ordinary contract price in years of moderate plenty. Before the scarcity occasioned by the late extraordinary course of bad seasons, it was the ordinary contract price in all common years.

In 1688 was granted the parliamentary bounty upon the exportation of corn. The country gentlemen, who then composed a still greater proportion of the legislature than they do at present, had felt that the money price of corn was falling. The bounty was an expedient to raise it artificially to the high price at which it had frequently been sold in the times of Charles I and II. It was to take place, therefore, till wheat was so high as forty-eight shillings the quarter, that is twenty shillings, or $\frac{4}{7}$ ths dearer than Mr King had in that very year estimated the grower's price to be in times of moderate plenty. If his calculations deserve any part of the reputation which they have obtained very universally, eight-and-forty shillings the quarter was a price which, without some such expedient as the bounty, could not at that time be expected, except in years of extraordinary scarcity. But the government of King William was not then fully settled. It was in no condition to refuse anything to the country gentlemen, from whom it was at that very time soliciting the first establishment of the annual land tax.

The value of silver, therefore, in proportion to that of corn, had probably risen somewhat before the end of the last century, and it seems to have continued to do so during the entire course of the greater part of the present, though the necessary operation of the bounty must have hindered that rise from being so sensible as it otherwise would have been in the actual state of tillage. In plentiful years the bounty, by occasioning an extraordinary exportation, necessarily raises the price of corn above what it otherwise would be in those years. To encourage tillage, by keeping up the price of corn even in the most plentiful years, was the avowed end of the institution.

In years of great scarcity, indeed, the bounty has generally been suspended. It must, however, have had some effect upon the prices of many of those years. By the extraordinary exportation which it occasions in years of plenty, it must frequently hinder the plenty of one year from compensating the scarcity of another.

Both in years of plenty and in years of scarcity therefore, the bounty raises the price of the corn above what it naturally would be in the actual state of tillage. If, during the 64 years of the present century, the average price has been lower than during the 64 last years of the last century, it must, in the same state of tillage, have been more so, had it not been for this operation of the bounty.

But without the bounty it may be said, the state of tillage would not have been the same. What may have been the effects of this institution upon the agriculture of the country, I shall endeavour to explain hereafter, when I come to treat particularly of bounties. I shall only observe at present, that this rise in the value of silver, in proportion to that of corn, has not been peculiar to England. It has been observed to have taken place in France during the same period, and nearly in the same proportion too, by three very faithful, diligent, and laborious collectors of the prices of corn, Mr Duprè de St Maur, Mr Messance, and the author of the *Essay on the Police of Grain*. But in France, till 1764, the exportation of grain was prohibited, and it is difficult to suppose that nearly the same diminution of price which took place in one country, notwithstanding this prohibition, should in another be owing to the extraordinary encouragement given by it to exportation.

It would be more proper, perhaps, to consider this variation in the average money price of corn as the effect rather of some gradual rise in the real value of silver in the European market, than of any fall in the real value of corn. Corn, it has already been observed, is at distant periods of time a more accurate measure of value than either silver or perhaps any other commodity. When after the discovery of the abundant mines in America, corn rose to three and four times its former money price, this change was universally ascribed, not to any rise in the real value of corn, but to a fall in the real value of silver. If during the 64 first years of the present century, therefore, the average money price of corn has fallen somewhat below what it had been during the greater part of the last century, we should in the same manner impute this change, not to any fall in the real value of corn, but to some rise in the real value of silver in the European market.

The high price of corn during these ten or twelve years past, indeed, has occasioned a suspicion that the real value of silver still continues to fall in the European market. This high price of corn, however, seems evidently to have been the effect of the

extraordinary unfavourableness of the seasons, and ought therefore to be regarded, not as a permanent, but as a transitory and occasional event. The seasons for these ten or twelve years past have been unfavourable through the greater part of Europe, and the disorders of Poland have very much increased the scarcity in all those countries which, in dear years, used to be supplied from that market. So long a course of bad seasons, though not a very common event, is by no means a singular one, and whoever has inquired much into the history of the prices of corn in former times, will be at no loss to recollect several other examples of the same kind. Ten years of extraordinary scarcity, besides, are not more wonderful than ten years of extraordinary plenty. The low price of corn from 1741 to 1750, both inclusive, may very well be set in opposition to its high price during these last eight or ten years. From 1741 to 1750, the average price of the quarter of nine bushels of the best wheat at Windsor market, it appears from the accounts of Eton College, was only £1 13s 9*½*d which is nearly 6s 3d below the average price of the sixty-four first years of the present century. The average price of the quarter of eight bushels of middle wheat thus comes out to have been, during these ten years, only £1 6s 8d.

Between 1741 and 1750, however, the bounty must have hindered the price of corn from falling so low in the home market as it naturally would have done. During these ten years the quantity of all sorts of grain exported, it appears from the custom-house books, amounted to no less than eight millions twenty-nine thousand one hundred and fifty-six quarters one bushel. The bounty paid for this amounted to £1,514,962 17s 4*½*d. In 1749, accordingly, Mr Pelham, at that time prime minister observed to the House of Commons, that for the three years preceding, a very extraordinary sum had been paid as bounty for the exportation of corn. He had good reason to make this observation, and in the following year he might have had still better. In that single year the bounty paid amounted to no less than £324,176 10s 6d (Tract III on the Corn Trade). It is unnecessary to observe how much this forced exportation must have raised the price of corn above what it otherwise would have been in the home market.

At the end of the accounts annexed to this chapter the reader will find the particular account of those ten years separated from the rest. He will find there too the particular account of the preceding ten years, of which the average is likewise below, though not much below, the general average of the sixty-four first years of the century. The year 1740, however, was a year of extraordinary scarcity. These twenty years preceding 1750, may very well be set in opposition to the twenty preceding 1770. As the former were a good deal below the general average of the century, not

withstanding the intervention of one or two dear years, so the latter have been a good deal above it, notwithstanding the intervention of one or two cheap ones, of 1759, for example. If the former have not been as much below the general average, as the latter have been above it, we ought probably to impute it to the bounty. The change has evidently been too sudden to be ascribed to any change in the value, which is always slow and gradual. The suddenness of the effect can be accounted for only by a cause which can operate suddenly, the accidental variations of the seasons.

The money price of labour in Great Britain has, indeed, risen during the course of the present century. This, however, seems to be the effect not so much of any diminution in the value of silver in the European market, as of an increase in the demand for labour in Great Britain, rising from the great and almost universal prosperity of the country. In France, a country not altogether so prosperous, the money price of labour has, since the middle of the last century, been observed to sink gradually with the average money price of corn. Both in the last century and in the present, the day wages of common labour are there said to have been pretty uniformly about the twentieth part of the average price of the septier of wheat, a measure which contains a little more than four Winchester bushels. In Great Britain the real recompence of labour, as has been shown, the real quantities of the necessaries and conveniences of life which are given to the labourer, has increased considerably during the present century. The rise in its money price seems to have been the effect, not of any diminution of the value of silver in the general market of Europe, but of a rise in the real price of labour in the particular market of Great Britain, owing to the peculiar happy circumstances of the country.

For some time after the first discovery of America, silver would continue to sell at its former, or not so much below its former price. The profits of mining would for some time be very great, and much above their natural rate. Those who imported that metal into Europe, however, would soon find that the whole annual importation could not be disposed of at this high price. Silver would gradually exchange for a smaller and a smaller quantity of goods. Its price would sink gradually lower and lower, till it fell to its natural price, or to what was just sufficient to pay, according to their natural rates, the wages of the labour, the profits of the stock, and the rent of the land, which must be paid in order to bring it from the mine to the market. In the greater part of the silver mines of Peru, the tax of the King of Spain, amounting to a tenth of the gross produce, eats up, as it has already been observed, the whole rent of the land. This tax was originally a half, it soon

afterwards fell to a third, then to a fifth, and at last to a tenth, at which rate it still continues In the greater part of the silver mines of Peru, this, it seems, is all that remains, after replacing the stock of the undertaker of the work, together with its ordinary profits, and it seems to be universally acknowledged that these profits, which were once very high, are now as low as they can well be, consistently with carrying on their works

The tax of the King of Spain was reduced to a fifth part of the registered silver in 1504 (Solorzano, vol 11), one-and-forty years before 1545, the date of the discovery of the mines of Potosi. In the course of ninety years, or before 1636, these mines, the most fertile in all America, had time sufficient to produce their full effect, or to reduce the value of silver in the European market as low as it could well fall, while it continued to pay this tax to the King of Spain Ninety years is time sufficient to reduce any commodity, of which there is no-monopoly, to its natural price, or to the lowest price at which, while it pays a particular tax, it can continue to be sold for any considerable time together.

The price of silver in the European market might perhaps have fallen still lower, and it might have become necessary either to reduce the tax upon it, not only to one-tenth, as in 1736, but to one-twentieth, in the same manner as that upon gold, or to give up working the greater part of the American mines which are now wrought. The gradual increase of the demand for silver, or the gradual enlargement of the market for the produce of the silver mines of America, is probably the cause which has prevented this from happening, and which has not only kept up the value of silver in Europe, but has perhaps even raised it somewhat higher than it was about the middle of the last century

Since the first discovery of America, the market for the produce of its silver mines has been growing gradually more and more extensive

First, The market of Europe has become gradually more and more extensive Since the discovery of America, the greater part of Europe has been much improved England, Holland, France, and Germany, even Sweden, Denmark, and Russia, have all advanced considerably, both in agriculture and in manufactures Italy seems not to have gone backwards The fall of Italy preceded the conquest of Peru Since that time it seems rather to have recovered a little Spain and Portugal, indeed, are supposed to have gone backwards Portugal, however, is but a very small part of Europe, and the declension of Spain is not, perhaps, so great as is commonly imagined In the beginning of the sixteenth century Spain was a very poor country, even in comparison with France, which has been so much improved since that time. It was the well-known remark of the Emperor Charles V, who had

travelled so frequently through both countries, that everything abounded in France, but that everything was wanting in Spain. The increasing produce of the agriculture and manufactures of Europe must necessarily have required a gradual increase in the quantity of silver coin to circulate it, and the increasing number of wealthy individuals must have required the like increase in the quantity of their plate and other ornaments of silver.

Secondly, America is itself a new market for the produce of its own silver mines, and as its advances in agriculture, industry, and population, are much more rapid than those of the most thriving countries in Europe, its demand must increase much more rapidly. The English colonies are altogether a new market, which partly for coin and partly for plate, requires a continually augmenting supply of silver through a great continent where there never was any demand before. The greater part too of the Spanish and Portuguese colonies are altogether new markets. New Granada, the Yucatan, Paraguay, and the Brazil were, before discovered by the Europeans, inhabited by savage nations, who had neither arts nor agriculture. A considerable degree of both has now been introduced into all of them. Even Mexico and Peru, though they cannot be considered as altogether new markets, are certainly much more extensive ones than they ever were before. After all the wonderful tales which have been published concerning the splendid state of those countries in ancient times, whoever reads, with any degree of sober judgment, the history of their first discovery and conquest, will evidently discern that, in arts, agriculture, and commerce, their inhabitants were much more ignorant than the Tartars of the Ukraine are at present. Even the Peruvians, the more civilized nation of the two, though they made use of gold and silver as ornaments, had no coined money of any kind. Their whole commerce was carried on by barter, and there was accordingly scarce any division of labour among them, those who cultivated the ground were obliged to build their own houses, to make their own household furniture, their own clothes, shoes, and instruments of agriculture. The few artificers among them are said to have been all maintained by the sovereign, the nobles, and the priests, and were, probably, their servants or slaves. All the ancient arts of Mexico and Peru have never furnished one single manufacture to Europe. The Spanish armies, though they scarce ever exceeded five hundred men, and frequently did not amount to half that number, found almost everywhere great difficulty in procuring subsistence. The famines which they are said to have occasioned almost wherever they went, in countries, too, which at the same time are represented as very populous and well cultivated, sufficiently demonstrate that the story of this populousness and high cultivation is in a great measure fabulous. The

Spanish colonies are under a government in many respects less favourable to agriculture, improvement, and population than that of the English colonies. They seem, however, to be advancing in all these much more rapidly than any country in Europe. In a fertile soil and happy climate, the great abundance and cheapness of land, a circumstance common to all new colonies, is, it seems, so great an advantage as to compensate many defects in civil government. Frezier, who visited Peru in 1713, represents Lima as containing between twenty-five and twenty-eight thousand inhabitants. Ulloa, who resided in the same country between 1740 and 1746, represents it as containing more than fifty thousand. The difference in their accounts of the populousness of several other principal towns in Chili and Peru is nearly the same, and as there seems to be no reason to doubt of the good information of either, it marks an increase which is scarce inferior to that of the English colonies. America, therefore, is a new market for the produce of its own silver mines, of which the demand must increase much more rapidly than that of the most thriving country in Europe.

Thirdly, the East Indies is another market for the produce of the silver mines of America, and a market which from the time of the first discovery of those mines, has been continually taking off a greater and a greater quantity of silver. Since that time the direct trade between America and the East Indies, which is carried on by means of the Acapulco ships, has been continually augmenting, and the indirect intercourse by the way of Europe has been augmenting in a still greater proportion. During the sixteenth century the Portuguese were the only European nation who carried on any regular trade to the East Indies. In the last years of that century the Dutch began to encroach upon this monopoly, and in a few years expelled them from their principal settlements in India. During the greater part of the last century those two nations divided the most considerable part of the East India trade between them, the trade of the Dutch continually augmenting in a still greater proportion than that of the Portuguese declined. The English and French carried on some trade with India in the last century, but it has been greatly augmented in the course of the present. The East India trade of the Swedes and Danes began in the course of the present century. Even the Muscovites now trade regularly with China by a sort of caravans which go over land through Siberia and Tartary to Pekin. The East India trade of all these nations, if we except that of the French, which the last war had well nigh annihilated, has been almost continually augmenting. The increasing consumption of East India goods in Europe is, it seems, so great as to afford a gradual increase of employment to them all. Tea, for example, was a drug very little used in Europe before the middle of the last century. At present

the value of the tea annually imported by the English East India Company, for the use of their own countrymen, amounts to more than a million and a half a year, and even this is not enough; a great deal more being constantly smuggled into the country from the ports of Holland, from Gottenburg in Sweden, and from the coast of France, too, as long as the French East India Company was in prosperity. The consumption of the porcelain of China, of the spiceries of the Moluccas, of the piece goods of Bengal, and of the innumerable other articles, has increased very nearly in a like proportion. The tonnage, accordingly, of all the European shipping employed in the East India trade at any one time during the last century was not, perhaps, much greater than that of the English East India Company before the late reduction of their shipping.

But in the East Indies, particularly in China and Hindostan, the value of the precious metals, when the Europeans first began to trade to those countries, was much higher than in Europe, and it still continues to be so. In rice countries, which generally yield two, sometimes three crops in the year, each of them more plentiful than any common crop of corn, the abundance of food must be greater than in any corn country of equal extent. Such countries are, accordingly, much more populous. In them, too, the rich, having a greater superabundance of food to dispose of beyond what they themselves can consume, have the means of purchasing a much greater quantity of the labour of other people. The retinue of a grandee in China or Hindostan accordingly is, by all accounts, much more numerous and splendid than that of the richest subjects in Europe. The same superabundance of food, of which they have the disposal, enables them to give a greater quantity of it for all those singular and rare productions which nature furnishes but in very small quantities, such as the precious metals and the precious stones, the great objects of the competition of the rich. Though the mines, therefore, which supplied the Indian market had been as abundant as those which supplied the European, such commodities would naturally exchange for a greater quantity of food in India than in Europe. But the mines which supplied the Indian market with the precious metals seem to have been a good deal less abundant, and those which supplied it with the precious stones a good deal more so, than the mines which supplied the European. The precious metals, therefore, would naturally exchange in India for somewhat a greater quantity of the precious stones, and for a much greater quantity of food, than in Europe. The money price of diamonds, the greatest of all superfluities, would be somewhat lower, and that of food, the first of all necessities, a great deal lower in the one country than in the other. But the real price of labour, the real quantity of the

necessaries of life which is given to the labourer, it has already been observed, is lower both in China and Hindostan, the two great markets of India, than it is through the greater part of Europe. The wages of the labourer will there purchase a smaller quantity of food, and as the money price of food is much lower in India than in Europe, the money price of labour is there lower upon a double account, upon account both of the small quantity of food which it will purchase, and of the low price of that food. But in countries of equal art and industry the money price of the greater part of manufactures will be in proportion to the money price of labour; and in manufacturing art and industry, China and Hindostan, though inferior, seem not to be much inferior to any part of Europe. The money price of the greater part of manufactures, therefore, will naturally be much lower in those great empires than it is anywhere in Europe. Through the greater part of Europe, too, the expense of land carriage increases very much both the real and nominal price of most manufactures. It costs more labour, and therefore more money, to bring the first materials, and afterwards the complete manufacture, to market. In China and Hindostan the extent and variety of inland navigations save the greater part of this labour, and consequently of this money, and thereby reduce still lower the real and the nominal price of the greater part of their manufactures. Upon all these accounts, the precious metals are a commodity which it always has been, and still continues to be, extremely advantageous to carry from Europe to India. There is scarce any commodity which brings a better price there, or which, in proportion to the quantity of labour and commodities which it costs in Europe, will purchase or command a great quantity of labour and commodities than in India. It is more advantageous, too, to carry silver thither than gold, because in China, and the greater part of the other markets of India, the proportion between fine silver and fine gold is but as ten, or at most as twelve, to one, whereas in Europe it is as fourteen or fifteen to one. In China, and the greater part of the other markets of India, ten, or at most twelve, ounces of silver will purchase an ounce of gold: in Europe it requires from fourteen to fifteen ounces. In the cargoes, therefore, of the greater part of European ships which sail to India, silver has generally been one of the most valuable articles. It is the most valuable article in the Acapulco ships which sail to Manilla. The silver of the new continent seems in this manner to be one of the principal commodities by which the commerce between two extremities of the old one is carried on, and it is by means of it, in a great measure, that those distant parts of the world are connected with one another. In order to supply so very widely extended a market, the quantity of silver annually brought from the mines must not only be suff

cient to support that continual increase both of coin and of plate which is required in all thriving countries, but to repair that continual waste and consumption of silver which takes place in all countries where that precious metal is used.

The continual consumption of the precious metals in coin by wearing, and in plate both by wearing and cleaning, is very sensible, and in commodities of which the use is so very widely extended, would alone require a very great annual supply. The consumption of those metals in some particular manufactures, though it may not, perhaps, be greater upon the whole than this gradual consumption, is, however, much more sensible, as it is much more rapid. In the manufactures of Birmingham alone, the quantity of gold and silver annually employed in gilding and plating, and thereby disqualified from ever afterwards appearing in the shape of those metals, is said to amount to more than fifty thousand pounds sterling. We may from thence form some notion how great must be the annual consumption in all the different parts of the world, either in manufactures of the same kind with those of Birmingham, or in lace, embroideries, gold and silver stuffs, the gilding of books, furniture, etc. A considerable quantity, too, must be annually lost in transporting those metals from one place to another both by sea and land. In the greater part of the governments of Asia, besides, the almost universal custom of concealing treasures in the bowels of the earth, of which the knowledge frequently dies with the person who makes the concealment, must occasion the loss of a still greater quantity.

The quantity of gold and silver imported at both Cadiz and Lisbon (including not only what comes under register, but what may be supposed to be smuggled) amounts, according to the best accounts, to about six millions sterling a year.

According to Mr Meggens^{*} the annual importation of the precious metals into Spain, at an average of six years, viz., from 1748 to 1753, both inclusive, and into Portugal, at an average of seven years, viz., from 1747 to 1753, both inclusive amounted in silver to 1,101,107 pounds weight, and in gold to 49,940 pounds weight. The silver, at sixty two shillings the pound Troy, amounts to £3,413,431 10s sterling. The gold, at forty-four guineas and a half the pound Troy, amounts to £2,333,446 14s sterling. Both together amount to £5,746,878 4s sterling. The account of what was imported under register, he assures us, is exact. He gives us the detail of the particular places from which the gold and silver were brought, and of the particular quantity of each metal which, according to the register, each of them afforded. He makes

* Postscript to the Universal Merchant, pp. 15 and 16. This was not printed till 1756, three years after the publication of the book, which has never had a second edition, and is found in few copies. It corrects several errors in the book.

an allowance, too, for the quantity of each metal which he supposes may have been smuggled. The great experience of this judicious merchant renders his opinion of considerable weight

According to the eloquent and sometimes well informed author of the 'Philosophical and Political History of the Establishment of the Europeans in the two Indies,' the annual importation of registered gold and silver into Spain, at an average of eleven years, viz., from 1754 to 1764, both inclusive, amounted to 13,984,185 $\frac{1}{2}$ piastres of ten reals. On account of what may have been smuggled, however, the whole annual importation, he supposes, may have amounted to seventeen millions of piastres, which, at 45 6d the piastre, is equal to £3,825,000 sterling. He gives the detail, too, of the particular places from which the gold and silver were brought, and of the particular quantities of each metal which, according to the register, each of them afforded. He informs us, too, that if we were to judge of the quantity of gold annually imported from the Brazils into Lisbon by the amount of the tax paid to the King of Portugal, which, it seems, is one-fifth of the standard metal, we might value it at eighteen millions of cruzadoes, or forty-five millions of French livres, equal to about two millions sterling. On account of what may have been smuggled, however, we may safely, he says, add to this sum an eighth more, or £250,000 sterling, so that the whole will amount to £2,250,000 sterling. According to this account, the whole annual importation of the precious metals into both Spain and Portugal amounts to about £6,075,000 sterling.

Several other very well authenticated, though manuscript, accounts, I have been assured, agree in making this whole annual importation amount, at an average, to about six millions sterling, sometimes a little more, sometimes a little less.

The annual importation of the precious metals into Cadiz and Lisbon, indeed, is not equal to the whole annual produce of the mines of America. Some part is sent annually by the Acapulco ships to Manilla, some part is employed in the contraband trade which the Spanish colonies carry on with those of other European nations, and some part, no doubt, remains in the country. The mines of America, besides, are by no means the only gold and silver mines in the world. They are, however, so far the most abundant. The produce of all the other mines which are known is insignificant, it is acknowledged, in comparison with theirs, and the far greater part of their produce, it is likewise acknowledged, is annually imported into Cadiz and Lisbon. But the consumption of Birmingham alone, at the rate of fifty thousand pounds a year, is equal to the hundred-and-twentieth part of this annual importation at the rate of six millions a year. The whole annual consumption of gold and silver, therefore, in all the different

countries of the world where those metals are used may, perhaps, be nearly equal to the whole annual produce. The remainder may be no more than sufficient to supply the increasing demand of all thriving countries. It may even have fallen so far short of this demand as to raise the price of those metals in the European market.

The quantity of brass and iron annually brought from the mine to the market is out of all proportion greater than that of gold and silver. We do not, however, upon this account imagine that those coarse metals are likely to multiply beyond the demand, or to become gradually cheaper and cheaper. Why should we imagine that the precious metals are likely to do so? The coarse metals, indeed, though harder, are put to much harder uses, and, as they are of less value, less care is employed in their preservation. The precious metals, however, are not necessarily immortal any more than they, but are liable to be lost, wasted, and consumed in a variety of ways.

The price of all metals, though liable to slow and gradual variations, varies less from year to year than that of almost any other part of the rude produce of land, and the price of the precious metals is even less liable to sudden variations than that of the coarse ones. The durableness of metals is the foundation of this extraordinary steadiness of price. The corn which was brought to market last year will be all, or almost all, consumed long before the end of this year. But some part of the iron which was brought from the mine two or three hundred years ago may be still in use, and perhaps some part of the gold which was brought from it two or three thousand years ago. The different masses of corn which in different years must supply the consumption of the world will always be nearly in proportion to the respective produce of those different years. But the proportion between the different masses of iron which may be in use in two different years will be very little affected by any accidental difference in the produce of the iron mines of those two years, and the proportion between the masses of gold will be still less affected by any such difference in the produce of the gold mines. Though the produce of the greater part of metallic mines, therefore, varies perhaps still more from year to year than that of the greater part of corn fields, those variations have not the same effect upon the price of the one species of commodities as upon that of the other.

Variations in the Proportion between the respective values of Gold and Silver — Before the discovery of the mines of America, the value of fine gold to fine silver was regulated in the different mints of Europe, between the proportions of one to ten and one to twelve, that is, an ounce of fine gold was supposed to be worth from ten to twelve ounces of fine silver. About the middle of the

last century it came to be regulated between the proportions of one to fourteen and one to fifteen that is, an ounce of fine gold came to be supposed worth between fourteen and fifteen ounces of fine silver Gold rose in its nominal value, or in the quantity of silver which was given for it Both metals sunk in their real value, or in the quantity of labour which they could purchase, but silver sunk more than gold Though both the gold and silver mines of America exceeded in fertility all those which had ever been known before, the fertility of the silver mines had, it seems, been proportionably still greater than that of the gold ones

The great quantities of silver carried annually from Europe to India, have, in some of the English settlements, gradually reduced the value of that metal in proportion to gold In the mint of Calcutta, an ounce of fine gold is supposed to be worth fifteen ounces of fine silver, in the same manner as in Europe It is in the mint perhaps rated too high for the value which it bears in the market of Bengal In China, the proportion of gold to silver still continues as one to ten, or one to twelve In Japan, it is said to be as one to eight.

The proportion between the quantities of gold and silver annually imported into Europe, according to Mr Meggens's account, is as one to twenty-two nearly, that is, for one ounce of gold there are imported a little more than twenty-two ounces of silver The great quantity of silver sent annually to the East Indies, reduces, he supposes, the quantities of those metals which remain in Europe to the proportion of one to fourteen or fifteen, the proportion of their values The proportion between their values, he seems to think, must necessarily be the same as that between their quantities, and would therefore be as one to twenty-two, were it not for this greater exportation of silver

But the ordinary proportion between the respective values of two commodities is not necessarily the same as that between the quantities of them which are commonly in the market The price of an ox, reckoned at ten guineas, is about threescore times the price of a lamb, reckoned at 3s 6d It would be absurd, however, to infer from thence, that there are commonly in the market threescore lambs for one ox, and it would be just as absurd to infer, because an ounce of gold will commonly purchase from fourteen to fifteen ounces of silver, that there are commonly in the market only fourteen or fifteen ounces of silver for one ounce of gold.

The quantity of silver commonly in the market, it is probable, is much greater in proportion to that of gold, than the value of a certain quantity of gold is to that of an equal quantity of silver The whole quantity of a cheap commodity brought to market, is commonly not only greater, but of greater value, than the whole

quantity of a dear one. The whole quantity of bread annually brought to market, is not only greater, but of greater value than the whole quantity of butcher's meat, the whole quantity of butcher's-meat, than the whole quantity of poultry; and the whole quantity of poultry, than the whole quantity of wild fowl. There are so many more purchasers for the cheap than for the dear commodity, that, not only a greater quantity of it, but a greater value, can commonly be disposed of. The whole quantity, therefore, of the cheap commodity must commonly be greater in proportion to the whole quantity of the dear one, than the value of a certain quantity of the dear one is to the value of an equal quantity of the cheap one. When we compare the precious metals with one another, silver is a cheap and gold a dear commodity. We ought naturally to expect, therefore, that there should always be in the market, not only a greater quantity, but a greater value of silver than of gold. Let any man, who has a little of both, compare his own silver with his gold plate, and he will probably find, that, not only the quantity, but the value of the former greatly exceeds that of the latter. Many people, besides, have a good deal of silver who have no gold plate, which, even with those who have it, is generally confined to watch cases, snuff-boxes, and such like trinkets, of which the whole amount is seldom of great value. In the British coin, indeed, the value of the gold preponderates greatly, but it is not so in that of all countries. In the coin of some countries the value of the two metals is nearly equal. In the Scotch coin, before the union with England, the gold preponderated very little, though it did somewhat,* as it appears by the accounts of the mint. In the coin of many countries the silver preponderates. In France, the largest sums are commonly paid in that metal, and it is there difficult to get more gold than what is necessary to carry about in your pocket. The superior value, however, of the silver plate above that of the gold, which takes place in all countries, will much more than compensate the preponderancy of the gold coin above the silver, which takes place only in some countries.

Though, in one sense of the word, silver always has been, and probably always will be, much cheaper than gold, yet in another sense, gold may, perhaps, in the present state of the Spanish market, be said to be somewhat cheaper than silver. A commodity may be said to be dear or cheap, not only according to the absolute greatness or smallness of its usual price, but according as that price is more or less above the lowest for which it is possible to bring it to market for any considerable time together. This lowest price is that which barely replaces, with a moderate profit, the stock which must be employed in bringing the commodity thither.

* Ruddiman's Preface to Anderson's *Diplomata, etc.*, Scotus.

It is the price which affords nothing to the landlord, but resolves itself altogether into wages and profit. But in the Spanish market, gold is nearer to this lowest price than silver. The tax of the King of Spain upon gold is only $\frac{1}{20}$ th of the standard metal, or 5 per cent.; whereas his tax upon silver amounts to $\frac{1}{10}$ th part of it, or to 10 per cent. In these taxes consists the whole rent of the greater part of the gold and silver mines of Spanish America, and that upon gold is worse paid than that upon silver. The profits of the undertakers of gold mines, too, as they more rarely make a fortune, must be still more moderate than those of the undertakers of silver mines. The price of Spanish gold, as it affords both less rent and less profit, must, in the Spanish market, be somewhat nearer to the lowest price for which it is possible to bring it thither, than the price of Spanish silver. When all expenses are computed, the whole quantity of the one metal, it would seem, cannot, in the Spanish market, be disposed of so advantageously as the whole quantity of the other. The tax of the King of Portugal upon the gold of the Brazils, is the same with the ancient tax of the King of Spain upon the silver of Mexico and Peru, or $\frac{1}{5}$ th part of the standard metal. It may be uncertain whether to the general market of Europe the whole mass of American gold comes at a price nearer to the lowest for which it is possible to bring it thither, than the whole mass of American silver.

The price of diamonds and other precious stones, may, perhaps, be still nearer to the lowest price at which it is possible to bring them to market than even the price of gold.

Though it is not very probable, that any part of a tax which is not only imposed upon one of the most proper subjects of taxation, a mere luxury and superfluity, but which affords so very important a revenue, as the tax upon silver, will ever be given up as long as it is possible to pay it, yet the same impossibility of paying it, which in 1736 made it necessary to reduce it from one-fifth to one-tenth, may in time make it necessary to reduce it still further, in the same manner as it made it necessary to reduce the tax upon gold to one-twentieth. That the silver mines of Spanish America become gradually more expensive in the working, on account of the greater depths at which it is necessary to carry on the works, the greater expense of drawing out the water and of supplying them with fresh air at those depths, is acknowledged by all who have inquired into the state of those mines.

These causes, which are equivalent to a growing scarcity of silver (for a commodity may be said to grow scarcer when it becomes more difficult and expensive to collect a certain quantity of it), must, in time, produce one or other of the three following events. The increase of the expense must either, 1st, be compensated altogether by a proportional increase in the price of the

metal; or, 2nd, it must be compensated altogether by a proportionable diminution of the tax upon silver, or, 3rd, it must be compensated partly by the one, and partly by the other of those two expedients. This third event is very possible. As gold rose in its price in proportion to silver, notwithstanding a great diminution of the tax upon gold, so silver might rise in its price in proportion to labour and commodities, notwithstanding an equal diminution of the tax upon silver.

Such successive reductions of the tax, however, though they may not prevent altogether, must certainly retard, more or less, the rise of the value of silver in the European market. In consequence of such reductions, many mines may be wrought which could not be wrought before, because they could not afford to pay the old tax, and the quantity of silver annually brought to market must always be somewhat greater, and, therefore, the value of any given quantity somewhat less, than it otherwise would have been. In consequence of the reduction in 1736, the value of silver in the European market, though it may not at this day be lower than before that reduction, is, probably, at least ten per cent lower than it would have been, had the Court of Spain continued to exact the old tax. That, notwithstanding this reduction, the value of silver has, during the course of the present century, begun to rise somewhat in the European market, the facts and arguments which have been alleged above dispose me to believe, or more properly to suspect and conjecture, for the best opinion which I can form upon this subject scarce, perhaps, deserves the name of belief. The rise, supposing there has been any, has hitherto been so very small, that after all that has been said, it may appear to many people uncertain, not only whether this event has actually taken place, but whether the contrary may not have taken place, or whether the value of silver may not still continue to fall in the European market.

It must be observed, however, that whatever may be the supposed annual importation of gold and silver, there must be a certain period at which the annual consumption of those metals will be equal to that annual importation. Their consumption must increase as their mass increases, or rather in a much greater proportion. As their mass increases, their value diminishes. They are more used, and less cared for, and their consumption consequently increases in a greater proportion than their mass. After a certain period, therefore, the annual consumption of those metals must, in this manner, become equal to their annual importation, provided that importation is not continually increasing; which at present is not supposed to be the case.

If, when the annual consumption has become equal to the annual importation, the annual importation should gradually diminish, the annual consumption may, for some time, exceed the

annual importation. The mass of those metals may gradually and insensibly diminish, and their value gradually and insensibly rise, till the annual importation becoming again stationary, the consumption will gradually accommodate itself to what that annual importation can maintain.

Grounds of the Suspicion that the Value of Silver still continues to decrease.

The increase of the wealth of Europe, and the popular notion that, as the quantity of the precious metals naturally increases with the increase of wealth, so their value diminishes as their quantity increases, may, perhaps, dispose many people to believe that their value still continues to fall in the European market, and the still gradually increasing price of many parts of the rude produce of land may confirm them still further in this opinion. That that increase in the quantity of the precious metals, which arises in any country from the increase of wealth, has no tendency to diminish their value, I have endeavoured to show already. Gold and silver naturally resort to a rich country, for the same reason that all sorts of luxuries and curiosities resort to it; not because they are cheaper there than in poorer countries, but because they are dearer, or because a better price is given for them. It is the superiority of price which attracts them, and as soon as that superiority ceases, they necessarily cease to go thither.

If you except corn and such other vegetables as are raised altogether by human industry, that all other sorts of rude produce, cattle, poultry, game of all kinds, the useful fossils and minerals of the earth, etc., naturally grow dearer as the society advances in wealth and improvement, I have endeavoured to show already. Though such commodities, therefore, come to exchange for a greater quantity of silver than before, it will not from thence follow that silver has become really cheaper, or will purchase less labour than before, but that such commodities have become really dearer, or will purchase more labour than before. It is not their nominal price only, but their real price, which rises in the progress of improvement. The rise of their nominal price is the effect, not of any degradation of the value of silver, but of the rise in their real price.

Different Effects of the Progress of Improvement upon three different Sorts of Rude Produce

These different sorts of rude produce may be divided into three classes. The first comprehends those which it is scarce in the power of human industry to multiply at all. The second, those which it can multiply in proportion to the demand. The third, those in which the efficacy of industry is either limited or un-

certain. In the progress of wealth and improvement, the real price of the first may rise to any degree of extravagance, and seems not to be limited by any certain boundary. That of the second, though it may rise greatly, has, however, a certain boundary beyond which it cannot pass well for any considerable time together. That of the third, though its natural tendency is to rise in the progress of improvement, yet in the same degree of improvement it may sometimes happen even to fall, sometimes to continue the same, and sometimes to rise more or less, according as different accidents render the efforts of human industry, in multiplying this sort of rude produce, more or less successful.

FIRST SORT — The first sort of rude produce of which the price rises in the progress of improvement, is that which it is scarce in the power of human industry to multiply at all. It consists in those things which nature produces only in certain quantities, and which being of a very perishable nature, it is impossible to accumulate together the produce of many different seasons. Such are the greater part of rare and singular birds and fishes, many different sorts of game, almost all wild fowl, all birds of passage in particular, as well as many other things. When wealth and the luxury which accompanies it increase, the demand for these is likely to increase with them, and no effort of human industry may be able to increase the supply much beyond what it was before this increase of the demand. The quantity of such commodities, therefore, remaining the same or nearly the same, while the competition to purchase them is continually increasing, their price may rise to any degree of extravagance, and seems not to be limited by any certain boundary. It would be absurd to suppose that any industry could increase the number of those brought to market much beyond what it is at present. The high price paid by the Romans, in the time of their greatest grandeur, for rare birds and fishes, may in this manner be easily accounted for. These prices were not the effects of the low value of silver in those times, but of the high value of such rarities and curiosities as human industry could not multiply at pleasure. The real value of silver was higher at Rome, for some time before and after the fall of the republic, than it is through the greater part of Europe at present. Three sestertii, equal to about sixpence sterling, was the price which the republic paid for the modius or peck of the tithe wheat of Sicily. This price, however, was probably below the average market price, the obligation to deliver their wheat at this rate being considered as a tax upon the Sicilian farmers. When the Romans, therefore, had occasion to order more corn than the tithe of wheat amounted to, they were bound by capitulation to

pay for the surplus at the rate of four sestertii, or eightpence sterling, the peck, and this had probably been reckoned the moderate and reasonable, that is, the ordinary or average *contract* price of those times, it is equal to about one-and-twenty shillings the quarter. Eight-and-twenty shillings the quarter was, before the late years of scarcity, the ordinary contract price of English wheat, which in quality is inferior to the Sicilian, and generally sells for a lower price in the European market. The value of silver, therefore, in those ancient times, must have been to its value in the present, as three to four inversely, that is, three ounces of silver would then have purchased the same quantity of labour and commodities which four ounces will do at present. When we read in *Pom.* therefore, that Seius (Lab. x c. 29) bought a white nightingale, as a present for the Empress Agrippina, at the price of six thousand sestertii, equal to about £50 of our present money; and that Asinius Celer (Lab. x c. 17) purchased a surmullet at the price of eight thousand sestertii, equal to about £66 13s. 4d. of our present money, the extravagance of those prices, how much soever it may surprise us, is apt, notwithstanding, to appear to us about one-third less than it really was. Their real price, the quantity of labour and subsistence which was given away for them, was about one-third more than their nominal price is apt to express to us in the present times. Seius gave for the nightingale the command of a quantity of labour and subsistence equal to what £66 13s. 4d. would purchase in the present times; and Asinius Celer gave for the surmullet the command of a quantity equal to what £88 17s. 9d. would purchase. What occasioned the extravagance of those high prices was, not so much the abundance of silver, as the abundance of labour and subsistence, of which those Romans had the disposal, beyond what was necessary for their own use. The quantity of silver, of which they had the disposal, was a good deal less than what the command of the same quantity of labour and subsistence would have procured to them in the present times.

SECOND SORT—The second sort of rude produce of which the price rises in the progress of improvement, is that which human industry can multiply in proportion to the demand. It consists in those useful plants and animals, which, in uncultivated countries, nature produces with such profuse abundance that they are of little or no value, and which, as cultivation advances, are therefore forced to give place to some more profitable produce. During a long period in the progress of improvement, the quantity of these is continually diminishing, while at the same time the demand for them is continually increasing. Their real value, therefore, the real quantity of labour which they will purchase or

demand gradually rises, till at last it gets so high as to render them as profitable a produce as anything else which human industry can raise upon the most fertile and best cultivated land. When it has got so high it cannot well go higher. If it did, more land and more industry would soon be employed to increase their quantity.

When the price of cattle, for example, rises so high that it is as profitable to cultivate land in order to raise food for them, as in order to raise food for man, it cannot well go higher. If it did, more corn land would soon be turned into pasture. The extension of tillage by diminishing the quantity of wild pasture, diminishes the quantity of butcher's meat which the country naturally produces without labour or cultivation, and by increasing the number of those who have either corn, or, what comes to the same thing, the price of corn, to give in exchange for it, increases the demand. The price of butcher's meat, therefore, and consequently of cattle, must gradually rise till it gets so high that it becomes as profitable to employ the most fertile and best cultivated lands in raising food for them as in raising corn. But it must always be late in the progress of improvement before tillage can be so far extended as to raise the price of cattle to its height, and till it has got to this height, if the country is advancing at all, their price must be continually rising. There are, perhaps, some parts of Europe in which the price of cattle has not yet got to its height. It had not got to its height in any part of Scotland before the union. Had the Scotch cattle been always confined to the market of Scotland, in a country in which the quantity of land which can be applied to no other purposes but the feeding of cattle, is so great in proportion to what can be applied to other purposes, it is scarce possible, perhaps, that their price could ever have risen so high as to render it profitable to cultivate land for the sake of feeding them. In England, the price of cattle, it has already been observed, seems in the neighbourhood of London, to have got to its height about the beginning of the last century, but it was much later probably before it got to it through the greater part of the remoter counties, in some of which, perhaps, it may scarce yet have got to it. Of all the different substances, however, which compose this second sort of rude produce, cattle is perhaps, that of which the price, in the progress of improvement, first rises to this height.

Till the price of cattle indeed, has got to this height, it seems scarce possible that the greater part even of those lands which are capable of the highest cultivation, can be completely cultivated. In all farms too distant from any town to carry manure from it, that is, in the far greater part of those of every extensive country, the quantity of well cultivated land must be in proportion to the

quantity of manure which the farm itself produces, and this again must be in proportion to the stock of cattle which is maintained upon it. The land is manured either by pasturing the cattle upon it or by feeding them in the stable, and from thence carrying out their dung to it. But unless the price of the cattle be sufficient to pay both the rent and profit of cultivated land, the farmer cannot afford to pasture them upon it, and he can still less afford to feed them in the stable. It is with the produce of improved and cultivated land only that cattle can be fed in the stable, because to collect the scanty and scattered produce of waste and unimproved lands would require too much labour and be too expensive. If the price of the cattle, therefore, is not sufficient to pay for the produce of improved and cultivated land when they are allowed to pasture it, that price will be still less sufficient to pay for that produce when it must be collected with a good deal of additional labour, and brought into the stable to them. In these circumstances, therefore, no more cattle can with profit be fed in the stable than what are necessary for tillage. But these can never afford manure enough for keeping constantly in good condition all the lands which they are capable of cultivating. What they afford being insufficient for the whole farm, will naturally be reserved for the lands to which it can be most advantageously or conveniently applied, the most fertile, or those perhaps in the neighbourhood of the farm-yard. These, therefore, will be kept constantly in good condition and fit for tillage. The rest will, the greater part of them, be allowed to be waste, producing scarce anything but some miserable pasture, just sufficient to keep alive a few straggling, half-starved cattle, the farm, though much understocked in proportion to what would be necessary for its complete cultivation, being very frequently overstocked in proportion to its actual produce. A portion of this waste land, however, after having been pastured in this wretched manner for six or seven years together may be ploughed up, when it will yield perhaps, a poor crop or two of bad oats, or of some other coarse grain, and then being entirely exhausted, it must be rested and pastured again as before, and another portion ploughed up to be in the same manner exhausted and rested again in its turn. Such accordingly was the general system of management all over the low country of Scotland before the union. The lands which were kept constantly well manured and in good condition, seldom exceed a third or a fourth part of the whole farm, and sometimes did not amount to a fifth or a sixth part of it. The rest were never manured, but a certain portion of them was in its turn, notwithstanding, regularly cultivated and exhausted. Under this system of management it is evident even that part of the lands of Scotland which is capable of good cultivation, could produce but little

in comparison of what it may be capable of producing. But how disadvantageous soever this system may appear, yet before the union the low price of cattle seems to have rendered it almost unavoidable. If, notwithstanding a great rise in their price, it still continues to prevail through a considerable part of the country, it is owing, in many places, no doubt, to ignorance and attachment to old customs, but in most places to the unavoidable obstructions which the natural course of things opposes to the immediate or speedy establishment of a better system. First to the poverty of the tenants, to their not having yet had time to acquire a stock of cattle sufficient to cultivate their lands more completely, the same rise of price which would render it advantageous to them to maintain a greater stock, rendering it more difficult for them to acquire it, and secondly, to their not having yet had time to put their lands in condition to maintain this greater stock properly, supposing they were capable of acquiring it. The increase of stock and the improvement of land are two events which must go hand in hand, and of which the one can nowhere much outrun the other. Without some increase of stock, there can be scarce any improvement of land, but there can be no considerable increase of stock but in consequence of a considerable improvement of land; because otherwise the land could not maintain it. These natural obstructions to the establishment of a better system, cannot be removed but by a long course of frugality and industry, and half a century or a century more, perhaps, must pass away before the old system, which is wearing out gradually, can be completely abolished through all the different parts of the country. Of all the commercial advantages, however, which Scotland has derived from the union with England, this rise in the price of cattle is perhaps, the greatest. It has not only raised the value of all highland estates, but it has perhaps, been the principal cause of the improvement of the low country.

In all the new colonies the great quantity of waste land, which can for many years be applied to no other purpose than the feeding of cattle, soon renders them extremely abundant, and in everything great cheapness is the necessary consequence of great abundance. Though all the cattle of the European colonies in America were originally carried from Europe they soon multiplied so much there and became of so little value, that even horses were allowed to run wild in the woods without any owner thinking it worth while to claim them. It must be a long time after the establishment of such colonies, before it can become profitable to feed cattle upon the produce of cultivated land. The same cause, therefore, the want of manure, and the disproportion between the stock employed in cultivation, and the land which it is destined to cultivate, are likely to introduce there a system of husbandry not unlike

that which still continues to take place in so many parts of Scotland Mr Kalm, the Swedish traveller, when he gives an account of the husbandry of some of the English colonies in North America, as he found it in 1749, observes, accordingly, that he can with difficulty discover there the character of the English nation, so well skilled in all the different branches of agriculture They make scarce any manure for their cornfields he says, but when one piece of ground has been exhausted by continual cropping, they clear and cultivate another piece of fresh land, and when that is exhausted, proceed to a third Their cattle are allowed to wander through the woods and other uncultivated grounds, where they are half-starved, having long ago extirpated almost all the annual grasses by cropping them too early in the spring before they had time to form their flowers or to shed their seeds (Travels, vol 1 p 343) The annual grasses were, it seems, the best natural grasses in that part of North America, and when the Europeans first settled there, they used to grow very thick, and to rise three or four feet high A piece of ground which, when he wrote, could not maintain one cow, would in former times, he was assured, have maintained four, each of which would have given four times the quantity of milk which that one was capable of giving The poorness of the pasture had, in his opinion, occasioned the degradation of their cattle, which degenerated sensibly from one generation to another They were probably not unlike that stunted breed which was common all over Scotland thirty or forty years ago, and which is now so much mended through the greater part of the low country, not so much by a change of the breed, though that expedient has been employed in some places, as by a more plentiful method of feeding them

Though it is late, therefore, in the progress of improvement before cattle can bring such a price as to render it profitable to cultivate land for the sake of feeding them, yet of all the different parts which compose this second sort of rude produce, they are perhaps the first which bring this price, because till they bring it, it seems impossible that improvement can be brought near even to that degree of perfection to which it has arrived in many parts of Europe.

As cattle are among the first, so perhaps venison is among the last parts of this sort of rude produce which bring this price. The price of venison in Great Britain, how extravagant soever it may appear, is not near sufficient to compensate the expense of a deer park, as is well known to all those who have had any experience in the feeding of deer If it was otherwise, the feeding of deer would soon become an article of common farming, as the feeding of those small birds called Turdi was among the ancient Romans.

Varro and Columella assure us that it was a most profitable article. The fattening of ortolans, birds of passage which arrive lean in the country, is said to be so in some parts of France. If venison continues in fashion, and the wealth and the luxury of Great Britain increase as they have done for some time past, its price may very probably rise still higher than it is at present.

Between that period in the progress of improvement which brings to its height the price of so necessary an article as cattle, and that which brings to it the price of such a superfluity as venison, there is a very long interval, in the course of which many other sorts of rude produce gradually arrive at their highest price, some sooner and some later, according to different circumstances.

Thus in every farm the offals of the barn and stables will maintain a certain number of poultry. These, as they are fed with what would otherwise be lost, are a mere save all, and as they cost the farmer scarce anything, so he can afford to sell them for very little. Almost all that he gets is pure gain, and their price can scarce be so low as to discourage him from feeding this number. But in countries ill cultivated, and therefore, but thinly inhabited, the poultry, which are thus raised without expense, are often fully sufficient to supply the whole demand. In this state of things, therefore, they are often as cheap as butcher's-meat, or any other sort of animal food. But the whole quantity of poultry which the farm in this manner produces without expense, must always be much smaller than the whole quantity of butcher's-meat which is reared upon it, and in times of wealth and luxury what is rare, with only nearly equal merit, is always preferred to what is common. As wealth and luxury increase, therefore, in consequence of improvement and cultivation, the price of poultry gradually rises above that of butcher's-meat, till at last it gets so high that it becomes profitable to cultivate land for the sake of feeding them. When it has got to this height it cannot well go higher. If it did, more land would soon be turned to this purpose. In several provinces of France, the feeding of poultry is considered as a very important article in rural economy, and sufficiently profitable to encourage the farmer to raise a considerable quantity of Indian corn and buckwheat for this purpose. A middling farmer will there sometimes have four hundred fowls in his yard. The feeding of poultry seems scarce yet to be generally considered as a matter of so much importance in England. They are certainly, however, dearer in England than in France, as England receives considerable supplies from France. In the progress of improvement, the period of which every particular sort of animal food is dearest, must naturally be that which immediately precedes the general practice of cultivating land for the sake of raising it. For some time before this practice becomes general, the scarcity must

necessarily raise the price. After it has become general, new methods of feeding are commonly fallen upon, which enable the farmer to raise upon the same quantity of ground a much greater quantity of that particular sort of animal food. The plenty not only obliges him to sell cheaper, for if he could not afford it, the plenty would not be of long continuance. It has been probably in this manner that the introduction of clover, turnips, carrots, cabbages, etc., has contributed to sink the common price of butcher's-meat in the London market somewhat below what it was about the beginning of the last century.

The hog, that finds his food among ordure, and greedily devours many things rejected by every other useful animal, is, like poultry, originally kept as a save-all. As long as the number of such animals, which can thus be reared at little or no expense, is fully sufficient to supply the demand, this sort of butcher's-meat comes to market at a much lower price than any other. But when the demand rises beyond what this quantity can supply, when it becomes necessary to raise food on purpose for feeding and fattening hogs, in the same manner as for feeding and fattening other cattle, the price necessarily rises, and becomes proportionably either higher or lower than that of other butcher's-meat, according as the nature of the country, and the state of its agriculture, happen to render the feeding of hogs more or less expensive than that of other cattle. In France, the price of pork is nearly equal to that of beef. In most parts of Great Britain it is at present somewhat higher.

The great rise in the price of both hogs and poultry has in Great Britain been frequently imputed to the diminution of the number of cottagers and other small occupiers of land, an event which has in every part of Europe been the immediate forerunner of improvement and better cultivation, but which at the same time may have contributed to raise the price of those articles, both somewhat sooner and somewhat faster than it would otherwise have risen. As the poorest family can often maintain a cat or a dog, without any expense, so the poorest occupiers of land can commonly maintain a few poultry, or a sow and a few pigs, at very little. The little offals of their own table, their whey, skimmed milk, and buttermilk, supply those animals with a part of their food, and they find the rest in the neighbouring fields without doing any sensible damage to anybody. By diminishing the number of those small occupiers, therefore, the quantity of this sort of provisions which is thus produced at little or no expense, must certainly have been a good deal diminished, and their price must consequently have been raised both sooner and faster than it would otherwise have risen. Sooner or later in the progress of improvement, it must at any rate have risen to the utmost height to which it is capable of rising, or to the price which pays the labour and expense of cultivating

the land which furnishes them with food as well as these are paid upon the greater part of other cultivated land

The business of the dairy, like the feeding of hogs and poultry, is originally carried on as a save all. The cattle necessarily kept upon the farm, produce more milk than either the rearing of their own young, or the consumption of the farmer's family requires, and they produce most at one particular season. But of all the productions of land, milk is perhaps the most perishable. In the warm season, when it is most abundant, it will scarce keep four-and-twenty hours. The farmer, by making it into fresh butter, stores a small part of it for a week, by making it into salt butter, for a year, and by making it into cheese, he stores a much greater part of it for several years. Part of all there is reserved for the use of his own family. The rest goes to market, in order to find the best price which is to be had, and which can scarce be so low as to discourage him from sending thither whatever is over and above the use of his own family. If it is very low, indeed, he will be likely to manage his dairy in a very slovenly and dirty manner, and will scarce perhaps think it worth while to have a particular room or building on purpose for it, but will suffer the business to be carried on amidst the smoke, filth, and nastiness of his own kitchen, as was the case of almost all the farmers' dairies in Scotland thirty or forty years ago, and as is the case of many of them still. The same causes which gradually raise the price of butchers meat, the increase of the demand, and, in consequence of the improvement of the country, the diminution of the quantity which can be fed at little or no expense, raise, in the same manner, that of the produce of the dairy, of which the price naturally connects with that of butcher's meat, or with the expense of feeding cattle. The increase of price pays for more labour, care, and cleanliness. The dairy becomes more worthy of the farmer's attention, and the quality of its produce gradually improves. The price at last gets so high that it becomes worth while to employ some of the most fertile and best cultivated lands in feeding cattle merely for the purpose of the dairy, and when it has got to its height, it cannot well go higher. If it did, more land would soon be turned to this purpose. It seems to have got to this height through the greater part of England, where much good land is commonly employed in this manner. If you except the neighbourhood of a few considerable towns, it seems not yet to have got to this height anywhere in Scotland, where common farmers seldom employ much good land in raising food for cattle merely for the purpose of the dairy. The price of the produce, though it has risen very considerably within these few years, is probably still too low to admit of it. The inferiority of the quality, indeed, compared with that of the produce of English dairies, is

sally equal to that of the price. But this inferiority of quality is, perhaps, rather the effect of this lowness of price than the cause of it. Though the quality was much better, the greater part of what is brought to market could not, I apprehend, in the present circumstances of the country, be disposed of at a much better price; and the present price, it is probable, would not pay the expense of the land and labour necessary for producing a much better quality. Through the greater part of England, notwithstanding the superiority of price, the dairy is not reckoned a more profitable employment of land than the raising of corn, or the fattening of cattle, the great objects of agriculture. Throughout the greater part of Scotland, it cannot yet be even so profitable.

The lands of no country, it is evident, can ever be completely cultivated and improved, till once the price of every produce, which human industry is obliged to raise upon them, has got so high as to pay for the expense of complete improvement and cultivation. In order to do this, the price of each particular produce must be sufficient, first, to pay the rent of good corn land, as it is that which regulates the rent of the greater part of other cultivated land, and secondly, to pay the labour and expense of the farmer as well as they are commonly paid upon good corn land, or, in other words, to replace with the ordinary profits the stock which he employs about it. This rise in the price of each particular produce, must evidently be previous to the improvement and cultivation of the land which is destined for raising it. Gain is the end of all improvement, and nothing could deserve that name of which loss was to be the necessary consequence. But loss must be the necessary consequence of improving land for the sake of a produce of which the price could never bring back the expense. If the complete improvement and cultivation of the country be, as it most certainly is, the greatest of all public advantages, this rise in the price of all those different sorts of rude produce, instead of being considered as a public calamity, ought to be regarded as the necessary forerunner and attendant of the greatest of all public advantages.

This rise too in the nominal or money price of all those different sorts of rude produce has been the effect, not of any degradation in the value of silver, but of a rise in their real price. They have become worth, not only a greater quantity of silver, but a greater quantity of labour and subsistence than before. As it costs a greater quantity of labour and subsistence to bring them to market, so when they are brought thither, they represent or they are equivalent to a greater quantity.

THIRD SORT.—The third and last sort of rude produce, of which the price naturally rises in the progress of improvement, is that in which the efficacy of human industry, in augmenting the quantity,

fleece and the tallow The carcase is often left to rot upon the ground, or to be devoured by beasts and birds of prey If this sometimes happens even in Spain, it happens almost constantly in Chih, at Buenos Ayres, and in many other parts of Spanish America, where the horned cattle are almost constantly killed merely for the sake of the hide and the tallow This too used to happen almost constantly in Hispaniola, while it was infested by the Buccaneers, and before the settlement, improvement, and populousness of the French plantations had given some value to the cattle of the Spaniards, who still continue to possess, not only the eastern part of the coast, but the whole inland and mountainous part of the country

Though in the progress of improvement and population, the price of the whole beast necessarily rises, yet the price of the carcase is likely to be much more affected by this rise than that of the wool and the hide The market for the carcase, being in the rude state of society confined always to the country which produces it must necessarily be extended in proportion to the improvement and population of that country But the market for the wool and the hides even of a barbarous country, often extending to the whole commercial world, it can very seldom be enlarged in the same proportion The state of the whole commercial world can seldom be much affected by the improvement of any particular country, and the market for such commodities may remain the same, or very nearly the same, after such improvements as before It should, however, in the natural course of things rather upon the whole be somewhat extended in consequence of them If the manufactures especially, of which those commodities are the materials, should ever come to flourish in the country, the market, though it might not be much enlarged, would at least be brought much nearer to the place of growth than before, and the price of those materials might at least be increased by what had usually been the expense of transporting them to distant countries Though it might not rise therefore in the same proportion as that of butcher's-meat, it ought naturally to rise somewhat, and it ought certainly not to fall

In England, however, notwithstanding the flourishing state of its woollen manufacture, the price of English wool has fallen very considerably since the time of Edward III There are many authentic records which demonstrate that during the reign of that prince (towards the middle of the fourteenth century, or about 1339) what was reckoned the moderate and reasonable price of the tod or twenty-eight pounds of English wool, was not less than ten shillings of the money of those times,* containing, at the rate of twenty-pence the ounce, six ounces of silver Tower-weight,

* Smith's Memoir of Wool, vol i c 5, 6, 7; vol ii c 176.

equal to about thirty shillings of our present money. In the present times, one-and-twenty shillings the tod may be reckoned a good price for very good English wool. The money price of wool, therefore, in the time of Edward III., was to its money price in the present times as ten to seven. The superiority of its real price was still greater. At the rate of six shillings and eightpence the quarter, ten shillings was in those ancient times the price of twelve bushels of wheat. At the rate of twenty eight shillings the quarter, one and-twenty shillings is in the present times the price of six bushels only. The proportion between the real prices of ancient and modern times therefore, is as twelve to six, or as two to one. In those ancient times a tod of wool would have purchased twice the quantity of subsistence which it will purchase at present, and consequently twice the quantity of labour, if the real recompence of labour had been the same in both periods.

This degradation both in the real and nominal value of wool could never have happened in consequence of the natural course of things. It has accordingly been the effect of violence and artifice. First, of the absolute prohibition of exporting wool from England. Secondly, of the permission of importing it from Spain duty free. Thirdly, of the prohibition of exporting it from Ireland to any other country but England. In consequence of these regulations the market for English wool, instead of being somewhat extended in consequence of the improvement of England, has been confined to the home market, where the wool of several other countries is allowed to come into competition with it, and where that of Ireland is forced into competition with it. As the woollen manufactures too of Ireland are fully as much discouraged as is consistent with justice and fair dealing, the Irish can work up but a small part of their own wool at home, and are therefore obliged to send a greater proportion of it to Great Britain, the only market they are allowed (*Prohibitory export duties partially repealed in 1825, and finally, in 1833, and on imports in 1844*)

I have not been able to find any such authentic records concerning the price of raw hides in ancient times. Wool was commonly paid as a subsidy to the king, and its valuation in that subsidy ascertains, at least in some degree, what was its ordinary price. But this seems not to have been the case with raw hides. Fleetwood, however, from an account in 1425, between the prior of Burcester Oxford and one of his canons, gives us their price, at least as it was stated upon that particular occasion, viz five ox hides at twelve shillings, five cow hides at seven shillings and threepence, thirty six sheep skins of two years old at nine shillings, sixteen calf skins at two shillings. In 1425, twelve shillings contained about the same quantity of silver as four-and-twenty shillings of our present money. An ox hide therefore, was in this

account valued at the same quantity of silver as $4\frac{4}{5}$ ths of our present money. Its nominal price was a good deal lower than at present. But at the rate of six shillings and eightpence the quarter, twelve shillings would in those times have purchased eighteen bushels and four-fifths of a bushel of wheat, which, at three and sixpence the bushel, would in the present time cost 31s 4d. An ox hide, therefore, would in those times have purchased as much corn as ten shillings and threepence would purchase at present. Its real value was equal to ten shillings and threepence of our present money. In those ancient times, when the cattle were half starved during the greater part of the winter, we cannot suppose that they were of a very large size. An ox hide which weighs four stone of sixteen pounds avordupois, is not in the present times reckoned a bad one, and in those ancient times would probably have been reckoned a very good one. But at half a crown the stone, which at this moment (February, 1773) I understand to be the common price, such a hide would at present cost only ten shillings. Though its nominal price, therefore, is higher in the present than it was in those ancient times, its real price, the real quantity of subsistence which it will purchase or command, is rather somewhat lower. The price of cow hides, as stated in the above account, is nearly in the common proportion to that of ox hides. That of sheep skins is a good deal above it. They had probably been sold with the wool. That of calves' skins, on the contrary, is greatly below it. In countries where the price of cattle is very low, the calves, which are not intended to be reared in order to keep up the stock, are generally killed very young, as was the case in Scotland 20 or 30 years ago. It saves the milk, which their price would not pay for. The skins of the calves are commonly good for little.

The price of raw hides is a good deal lower at present than it was a few years ago, owing probably to the taking off the duty upon seal skins, and to the allowing, for a limited time, the importation of raw hides from Ireland and from the plantations, duty free, which was done in 1769. Take the whole of the present century at an average, their real price has probably been somewhat higher than it was in those ancient times. The nature of the commodity renders it not quite so proper for being transported to distant markets as wool. It suffers more by keeping. A salted hide is reckoned inferior to a fresh one, and sells for a lower price. This circumstance must necessarily have some tendency to sink the price of the raw hides produced in a country which does not manufacture them, but is obliged to export them, and comparatively to raise that of those produced in a country which does manufacture them. It must have some tendency to sink their price in a barbarous, and to raise it in an improved and manufacturing country. It must have had some tendency, therefore, to

sink it in ancient and to raise it in modern times. Our tanners, besides, have not been quite so successful as our clothiers in convincing the wisdom of the nation that the safety of the commonwealth depends upon the prosperity of their particular manufacture. They have accordingly been much less favoured. The exportation of raw hides has, indeed, been prohibited and declared a nuisance, but their importation from foreign countries has been subjected to a duty, and though this duty has been taken off from those of Ireland and the plantations (for the limited time of five years only), yet Ireland has not been confined to the market of Great Britain for the sale of its surplus hides, or of those which are not manufactured at home. The hides of common cattle have but within these few years been put among the enumerated commodities which the plantations can send nowhere but to the mother country, neither has the commerce of Ireland been in this case oppressed hitherto, in order to support the manufactures of Great Britain.

Whatever regulations tend to sink the price either of wool or raw hides below what it naturally would be, must in an improved and cultivated country, have some tendency to raise the price of butcher's-meat. The price both of the great and small cattle, which are fed on improved and cultivated land, must be sufficient to pay the rent which the landlord, and the profit which the farmer, has reason to expect from improved and cultivated land. If it is not, they will soon cease to feed them. Whatever part of this price, therefore, is not paid by the wool and the hide, must be paid by the carcase. The less there is paid for the one, the more must be paid for the other. In what manner this price is to be divided upon the different parts of the beast, is indifferent to the landlords and farmers, provided it is all paid to them. In an improved and cultivated country, therefore, their interest as landlords and farmers cannot be much affected by such regulations, though their interest as consumers may, by the rise in the price of provisions. It would be quite otherwise, however, in an unimproved and uncultivated country, where the greater part of the lands could be applied to no other purpose but the feeding of cattle, and where the wool and the hide made the principal part of the value of those cattle. Their interest as landlords and farmers would in this case be very deeply affected by such regulations, and their interest as consumers very little. The fall in the price of wool and the hide would not in this case raise the price of the carcase, because the greater part of the lands of the country being applicable to no other purpose but the feeding of cattle, the same number would still continue to be fed. The same quantity of butcher's meat would still come to market. The demand for it would be no greater than before. Its price, therefore, would be the same as before. The whole price of cattle would fall, and

along with it both the rent and the profit of all those lands of which cattle was the principal produce, that is, of the greater part of the lands of the country. The perpetual prohibition of the exportation of wool, which is commonly, but very falsely ascribed to Edward III., would, in the then circumstances of the country, have been the most destructive regulation which could well have been thought of. It would not only have reduced the actual value of the greater part of the lands of the kingdom, but by reducing the price of the most important species of small cattle, it would have retarded very much its subsequent improvement.

The wool of Scotland fell very considerably in its price in consequence of the union with England, by which it was excluded from the great market of Europe, and confined to the narrow one of Great Britain. The value of the greater part of the lands in the southern counties of Scotland, which are chiefly a sheep country, would have been very deeply affected by this event, had not the rise in the price of butcher's-meat fully compensated the fall in the price of wool.

As the efficacy of human industry, in increasing the quantity either of wool or of raw hides, is limited, so far as it depends upon the produce of the country where it is exerted, so it is uncertain so far as it depends upon the produce of other countries. It so far depends, not so much upon the quantity which they produce, as upon that which they do not manufacture, and upon the restraints which they may or may not think proper to impose upon the exportation of this sort of rude produce. These circumstances, as they are altogether independent of domestic industry, so they render the efficacy of its efforts more or less uncertain. In multiplying this sort of rude produce, the efficacy of human industry is not only limited, but uncertain.

In multiplying another very important sort of rude produce, the quantity of fish that is brought to market, it is likewise both limited and uncertain. It is limited by the local situation of the country, by the proximity or distance of its different provinces from the sea, by the number of its lakes and rivers, and by what may be called the fertility or barrenness of those seas, lakes, and rivers, as to this sort of rude produce. As population increases, as the annual produce of the land and labour of the country grows greater and greater, there come to be more buyers of fish, and those buyers, too, have a greater quantity and variety of other goods, or, what is the same thing, the price of a greater quantity and variety of other goods, to buy with. But it will generally be impossible to supply the great and extended market without employing a quantity of labour greater than in proportion to what has been requisite for supplying the narrow and confined one. A market which, from requiring only one thousand, comes to require

annually ten thousand tons of fish, can seldom be supplied without employing more than ten times the quantity of labour which had before been sufficient to supply it. The fish must generally be sought for at a greater distance, larger vessels must be employed, and more extensive machinery of every kind made use of. The real price of this commodity, therefore, naturally rises in the progress of improvement. It has accordingly done so, I believe, more or less in every country.

Though the success of a particular day's fishing may be a very uncertain matter, yet, the local situation of the country being supposed, the general efficacy of industry in bringing a certain quantity of fish to market, taking the course of a year, or of several years together, it may perhaps be thought, is certain enough, and it, no doubt, is so. As it depends more, however, upon the local situation of the country, than upon the state of its wealth and industry, as upon this account it may in different countries be the same in very different periods of improvement and very different in the same period, its connection with the state of improvement is uncertain, and it is of this sort of uncertainty that I am here speaking.

In increasing the quantity of the different minerals and metals which are drawn from the bowels of the earth, that of the more precious ones particularly, the efficacy of human industry seems not to be limited, but to be altogether uncertain. The quantity of the precious metals which is to be found in any country is not limited by anything in its local situation, such as the fertility or barrenness of its own mines. Those metals frequently abound in countries which possess no mines. Their quantity in every particular country seems to depend upon two different circumstances; first, upon its power of purchasing, upon the state of its industry, upon the annual produce of its land and labour, in consequence of which it can afford to employ a greater or a smaller quantity of labour and subsistence in bringing or purchasing such superfluities as gold and silver, either from its own mines or from those of other countries, and, secondly, upon the fertility or barrenness of the mines which may happen at any particular time to supply the commercial world with those metals. The quantity of those metals in the countries most remote from the mines, must be more or less affected by this fertility or barrenness, on account of the easy and cheap transportation of those metals, of their small bulk and great value. Their quantity in China and Hindostan must have been more or less affected by the abundance of the mines of America.

So far as their quantity in any particular country depends upon the former of those two circumstances (the power of purchasing), their real price, like that of all other luxuries and superfluities, is likely to rise with the wealth and improvement of the country, and

to fall with its poverty and depression. Countries which have a great quantity of labour and subsistence to spare, can afford to purchase any particular quantity of those metals at the expense of a greater quantity of labour and subsistence, than countries which have less to spare.

So far as their quantity in any particular country depends upon the latter of those two circumstances (the fertility or barrenness of the mines which happen to supply the commercial world), their real price, the real quantity of labour and subsistence which they will purchase or exchange for, will, no doubt, sink more or less in proportion to the fertility, and rise in proportion to the barrenness, of those mines.

The fertility or barrenness of the mines, however, which may happen at any particular time to supply the commercial world, is a circumstance which, it is evident, may have no sort of connection with the state of industry in a particular country. It seems even to have no very necessary connection with that of the world in general. As arts and commerce, indeed, gradually spread themselves over a greater and a greater part of the earth, the search for new mines, being extended over a wider surface, may have somewhat a better chance for being successful than when confined within narrower bounds. The discovery of new mines, however, as the old ones come to be gradually exhausted, is a matter of the greatest uncertainty, and such as no human skill or industry can ensure. All indications, it is acknowledged, are doubtful, and the actual discovery and successful working of a new mine can alone ascertain the reality of its value, or even of its existence. In this search there seem to be no certain limits either to the possible success, or to the possible disappointment of human industry. In the course of a century or two, it is possible that new mines may be discovered more fertile than any that have ever yet been known, and it is just equally possible that the most fertile mine then known may be more barren than any that was wrought before the discovery of the mines in America. Whether the one or the other of those two events may happen to take place, is of very little importance to the real wealth and prosperity of the world, to the real value of the annual produce of the land and labour of mankind. Its nominal value, the quantity of gold and silver by which this annual produce could be expressed or represented, would, no doubt, be very different, but its real value, the real quantity of labour which it could purchase or command, would be precisely the same. A shilling might in the one case represent no more labour than a penny does at present, and a penny in the other might represent as much as a shilling does now. But in the one case he who had a shilling in his pocket, would be no richer than he who has a penny at present, and in the other, he who had a

penny would be just as rich as he who has a shilling now. The cheapness and abundance of gold and silver plate, would be the sole advantage which the world could derive from the one event, and dearness and scarcity of those trifling superfluities the only inconvenience it could suffer from the other.

Conclusion of the Digression concerning the Variations in the Value of Silver — The greater part of the writers who have collected the money prices of things in ancient times, seem to have considered the low money price of corn, and of goods in general, or, in other words, the high value of gold and silver, as a proof, not only of the scarcity of those metals, but of the poverty and barbarism of the country at the time when it took place. This notion is connected with the system of political economy which represents national wealth as consisting in the abundance, and national poverty in the scarcity of gold and silver, a system which I shall endeavour to explain and examine at great length in the fourth book of this inquiry. I shall only observe at present, that the high value of the precious metals can be no proof of the poverty or barbarism of any particular country at the time when it took place. It is a proof only of the barrenness of the mines which happened at that time to supply the commercial world. A poor country, as it cannot afford to buy more, so it can as little afford to pay dearer for gold and silver than a rich one, and the value of those metals, therefore, is not likely to be higher in the former than in the latter. In China, a country much richer than any part of Europe, the value of the precious metals is much higher than in any part of Europe. As the wealth of Europe, indeed, has increased greatly since the discovery of the mines of America, so the value of gold and silver has gradually diminished. This diminution of their value, however, has not been owing to the increase of the real wealth of Europe, of the annual produce of its land and labour, but to the accidental discovery of more abundant mines than any that were known before. The increase of the quantity of gold and silver in Europe, and the increase of its manufactures and agriculture, are two events which, though they have happened nearly about the same time, yet have arisen from very different causes, and have scarce any natural connection with one another. The one has arisen from a mere accident, in which neither prudence nor policy either had or could have any share; the other from the fall of the feudal system, and from the establishment of a government which afforded to industry the only encouragement which it requires, some tolerable security that it shall enjoy the fruits of his own labour. Poland, where the feudal system still continues to take place, is at this day as beggarly a country as it was before the discovery of America. The money price of corn, however, has risen, the real value of the precious

metals has fallen in Poland, in the same manner as in other parts of Europe. Their quantity, there, must have increased there as in other places, and nearly in the same proportion to the annual produce of its land and labour. This increase of the quantity of those metals, however, has not, it seems, increased the annual produce, has neither improved the manufactures and agriculture of the country, nor mended the circumstances of its inhabitants. Spain and Portugal, the countries which possess the mines, are, after Poland, perhaps, the two most beggarly countries in Europe. The value of the precious metals, however, must be lower in Spain and Portugal than in any other part of Europe, as they come from those countries to all other parts of Europe, loaded, not only with a freight and an insurance, but with the expense of smuggling, their exportation being either prohibited or subjected to a duty. In proportion to the annual produce of the land and labour, therefore, their quantity must be greater in those countries than in any other part of Europe. Those countries, however, are poorer than the greater part of Europe. Though the feudal system has been abolished in Spain and Portugal, it has not been succeeded by a much better.

As the low value of gold and silver is no proof of the wealth and flourishing state of the country where it takes place, so neither is their high value, or the low money price either of goods in general, or of corn in particular, proof of its poverty and its barbarism.

But though the low money price either of goods in general, or corn in particular, be no proof of the poverty or barbarism of the times, the low money price of some particular sorts of goods, such as cattle, poultry, game of all kinds, etc., in proportion to that of corn, is a most decisive one. It clearly demonstrates, first, their great abundance in proportion to that of corn, and consequently the great extent of the land which they occupied in proportion to what was occupied by corn, and, secondly, the low value of this land in proportion to that of corn land, and consequently the uncultivated and unimproved state of the far greater part of the lands of the country. It clearly demonstrates that the stock and population of the country did not bear the same proportion to the extent of its territory, which they commonly do in civilised countries, and that society was at that time, and in that country, but in its infancy. From the high or low money price either of goods in general, or of corn in particular, we can infer only that the mines which at that time happened to supply the commercial world with gold and silver, were fertile or barren, not that the country was rich or poor. But from the high or low money price of some sorts of goods in proportion to that of others, we can infer, with a degree of probability, almost to certainty, that it was rich or poor, that the greater part of its lands were improved or unimproved.

and that it was either in a more or less barbarous state, or in a more or less civilized one.

Any rise in the money price of goods which proceeded altogether from the degradation of the value of silver, would affect all sorts of goods equally, and raise their price universally a third, or a fourth, or a fifth part higher, according as silver happened to lose a third, or a fourth, or a fifth part of its former value. But the rise in the price of provisions, which has been the subject of so much reasoning and conversation, does not affect all sorts of provisions equally. Taking the course of the present century at an average, the price of corn, it is acknowledged even by those who account for this rise by the degradation of the value of silver, has risen much less than that of some other sorts of provisions. The rise in the price of those other sorts of provisions, therefore, cannot be owing altogether to the degradation of the value of silver. Some other causes must be taken into the account, and those which have been above assigned, will, perhaps, without having recourse to the supposed degradation of the value of silver, sufficiently explain this rise in those particular sorts of provisions of which the price has actually risen in proportion to that of corn.

As to the price of corn itself, it has, during the sixty-four first years of the present century, and before the late extraordinary course of bad seasons, been somewhat lower than it was during the sixty-four last years of the preceding century. The fact is attested, not only by the accounts of Windsor market, but by the public fairs of all the different counties of Scotland, and by the accounts of several different markets in France, which have been collected with great diligence and fidelity by Mr Messance and by Mr Dupré de St Maur. The evidence is more complete than could well have been expected in a matter which is naturally so very difficult to be ascertained.

As to the high price of corn during these last 10 or 12 years, it can be sufficiently accounted for from the badness of the seasons, without supposing any degradation in the value of silver. The opinion, therefore, that silver is continually sinking in its value, seems not to be founded upon any good observations, either upon the prices of corn, or upon those of other provisions.

The same quantity of silver, it may perhaps be said, will in the present times, even according to the account which has been here given, purchase a much smaller quantity of several sorts of provisions than it would have done during some part of the last century, and to ascertain whether this change be owing to a rise in the value of those goods, or to a fall in the value of silver, is only to establish a vain and useless distinction, which can be of no sort of service to the man who has only a certain quantity of silver to go to market with, or a certain fixed revenue in money. I certainly

do not pretend that the knowledge of this distinction will enable him to buy cheaper It may not, however, upon that account be altogether useless

It may be of some use to the public by affording an easy proof of the prosperous condition of the country If the rise in the price of some sorts of provisions be owing altogether to a fall in the value of silver, it is owing to a circumstance from which nothing can be inferred but the fertility of the American mines The real wealth of the country, the annual produce of its land and labour, may, notwithstanding this circumstance, be either gradually declining, as in Portugal and Poland; or gradually advancing, as in most other parts of Europe. But if this rise in the price of some sorts of provisions be owing to a rise in the real value of the land which produces them, to its increased fertility, or, in consequence of more extended improvement and good cultivation, to its having been rendered fit for producing corn, it is owing to a circumstance which indicates in the clearest manner the prosperous and advancing state of the country The land constitutes by far the greatest, the most important, and the most durable part of the wealth of every extensive country It may surely be of some use or, at least, it may give some satisfaction to the public, to have so decisive a proof of the increasing value of by far the greatest, the most important, and the most durable part of its wealth

It may too be of some use to the public in regulating the pecuniary reward of some of its inferior servants If this rise in the price of some sorts of provisions be owing to a fall in the value of silver, their pecuniary reward, provided it was not too large before, ought certainly to be augmented in proportion to the extent of this fall. If it is not augmented, their real recompense will evidently be so much diminished But if this rise of price is owing to the increased value, in consequence of the improved fertility of the land which produces such provisions, it becomes a much nicer matter to judge either in what proportion any pecuniary reward ought to be augmented, or whether it ought to be augmented at all The extension of improvement and cultivation, as it necessarily raises more or less, in proportion to the price of corn, that of every sort of animal food, so it as necessarily lowers that of, I believe, every sort of vegetable food It raises the price of animal food, because a great part of the land which produces it, being rendered fit for producing corn, must afford to the landlord and farmer the rent and profit of corn land It lowers the price of vegetable food, because, by increasing the fertility of the land, it increases its abundance The improvements of agriculture too introduce many sorts of vegetable food which, requiring less land and not more labour than corn, come much cheaper to market Such are potatoes and maize, or what is called Indian corn, the two most

important improvements which the agriculture of Europe, perhaps which Europe itself, has received from the great extension of its commerce and navigation. Many sorts of vegetable food, besides, which in the rude state of agriculture are confined to the kitchen-garden, and raised only by the spade, come in its improved state to be introduced into common fields, and to be raised by the plough such as turnips, carrots, cabbages, etc. If in the progress of improvement, therefore, the real price of one species of food necessarily rises, that of another as necessarily falls, and it becomes a matter of more nicety to judge how far the rise in the one may be compensated by the fall in the other. When the real price of butcher's-meat has once got to its height (which, with regard to every sort, except, perhaps, that of hog's flesh, it seems to have done through a great part of England more than a century ago), any rise which can afterwards happen in that of any other sort of animal food, cannot much affect the circumstances of the inferior ranks of people. The circumstances of the poor through a great part of England cannot surely be so much distressed by any rise in the price of poultry, fish, wild fowl, or venison, as they must be relieved by the fall in that of potatoes.

In the present season of scarcity the high price of corn no doubt distresses the poor. But in times of moderate plenty, when corn is at its ordinary or average price, the natural rise in the price of any other sort of rude produce cannot much affect them. They suffer more, perhaps, by the artificial rise which has been occasioned by taxes in the price of some manufactured commodities, as of salt, soap, leather, candles, malt, beer, and ale, etc.

Effects of the progress of Improvement upon the real price of Manufactures

It is the natural effect of improvement, however, to diminish gradually the real price of almost all manufactures. That of the manufacturing workmanship diminishes, perhaps, in all of them without exception. In consequence of better machinery, of greater dexterity, and of a more proper division and distribution of work, all of which are the natural effects of improvement, a much smaller quantity of labour becomes requisite for executing any particular piece of work, and, though, in consequence of the flourishing circumstances of the society, the real price of labour should rise very considerably, yet the great diminution of the quantity will generally much more than compensate the greatest rise which can happen in the price.

There are, indeed, a few manufactures, in which the necessary rise on the real price of the rude materials will more than compensate all the advantages which improvement can introduce into th

execution of the work. In carpenters' and joiners' work, and in the coarser sort of cabinet work, the rise in the real price of barren timber, in consequence of the improvement of land, will more than compensate all the advantages which can be derived from the best machinery, the greatest dexterity, and the most proper division and distribution of work. But in all cases in which the real price of the rude materials either does not rise at all, or does not rise very much, that of the manufactured commodity sinks very considerably.

This diminution in price has, in the course of the present and preceding century, been most remarkable in those manufactures of which the materials are the coarser metals. A better movement of a watch, than about the middle of the last century could have been bought for twenty pounds, may now, perhaps, be had for twenty shillings. In the work of cutlers and locksmiths, in all the toys which are made of the coarser metals, and in all those goods which are commonly known by the name of Birmingham and Sheffield wire, there has been, during the same period, a very great reduction of price, though not altogether so great as in watch-work. It has, however, been sufficient to astonish the workmen of every other part of Europe, who in many cases acknowledge they can produce no work of equal goodness for double, or even for triple the price. There are, perhaps, no manufactures in which the division of labour can be carried further, or in which the machinery employed admits of a greater variety of improvements, than those of which the materials are the coarser metals.

In the clothing manufacture there has, during the same period, been no such sensible reduction of price. The price of superfine cloth, I have been assured, on the contrary, has, within these five-and-twenty or thirty years, risen somewhat in proportion to its quality; owing, it was said, to a considerable rise in the price of the material, which consists altogether of Spanish wool. That of the Yorkshire cloth, which is made altogether of English wool, is said, indeed, during the course of the present century, to have fallen a good deal in proportion to its quality. Quality, however, is so very disputable a matter, that I look upon all information of this kind as somewhat uncertain. In the clothing manufacture the division of labour is nearly the same now as it was a century ago, and the machinery employed is not very different. There may, however, have been some small improvements in both, which may have occasioned some reduction of price.

But the reduction will appear much more sensible and undeniable if we compare the price of this manufacture in the present times with what it was in a much remoter period, towards the end of the fifteenth century, when the labour was probably much less subdivided, and the machinery employed much more imperfect, than it is at present.

In 1487, being the 4th of Henry VII, it was enacted that 'whosoever shall sell by retail a broad yard of the finest scarlet grained, or of other grained cloth of the finest making above sixteen shillings, shall forfeit forty shillings for every yard so sold.' Sixteen shillings, therefore, containing about the same quantity of silver as four-and-twenty shillings of our present money, was, at that time, reckoned not an unreasonable price for a yard of the finest cloth, and as this is a sumptuary law, such cloth, it is probable, had usually been sold somewhat dearer. A guinea may be reckoned the highest price in the present times. Even though the quality of the cloths, therefore, should be supposed equal, and that of the present times is most probably much superior, yet, even upon this supposition, the money price of the finest cloth appears to have been considerably reduced since the end of the fifteenth century. But its real price has been much more reduced. Six shillings and eightpence was then, and long afterwards, reckoned the average price of a quarter of wheat. Sixteen shillings, therefore, was the price of two quarters and more than three bushels of wheat. Valuing a quarter of wheat in the present times at eight-and-twenty shillings, the real price of a yard of fine cloth must, in those times, have been equal to at least three pounds six shillings and sixpence of our present money. The man who bought it must have parted with the command of a quantity of labour and subsistence equal to what that sum would purchase in the present times.

The reduction in the real price of the coarse manufacture, though considerable, has not been so great as in that of the fine.

In 1463, being the 3rd of Edward IV, it was enacted that 'no servant in husbandry, nor common labourer, nor servant to any artificer inhabiting out of a city or burgh, shall use or wear in their clothing any cloth above two shillings the broad yard.' In the 3rd of Edward IV two shillings contained very nearly the same quantity of silver as four of our present money. But the Yorkshire cloth which is now sold at four shillings the yard is probably much superior to any that was then made for the wearing of the very poorest order of common servants. Even the money price of their clothing, therefore, may, in proportion to the quality, be somewhat cheaper in the present than it was in those ancient times. The real price is certainly a good deal cheaper. Tenpence was then reckoned what is called the moderate and reasonable price of a bushel of wheat. Two shillings, therefore, was the price of two bushels and near two pecks of wheat, which in the present times, at three shillings and sixpence the bushel, would be worth eight shillings and ninepence. For a yard of this cloth the poor servant must have parted with the power of purchasing a quantity of subsistence equal to what eight shillings and ninepence would purchase in the present times. This is a sumptuary law, too,

restraining the luxury and extravagance of the poor. Their clothing, therefore, had commonly been much more expensive.

The same order of people are, by the same law, prohibited from wearing hose, of which the price should exceed fourteen pence the pair, equal to about eight-and-twenty pence of our present money. But fourteen pence was in those times the price of a bushel and near two pecks of wheat, which, in the present times, at three and sixpence the bushel, would cost five shillings and threepence. We should in the present times consider this as a very high price for a pair of stockings to a servant of the poorest and lowest order. He must, however, in those times have paid what was really equivalent to this price for them.

In the time of Edward IV. the art of knitted stockings was probably not known in any part of Europe. Their hose were made of common cloth, which may have been one of the causes of their dearness. The first person that wore stockings in England is said to have been Queen Elizabeth. She received them as a present from the Spanish ambassador.

Both in the coarse and in the fine woollen manufacture the machinery employed was much more imperfect in those ancient than it is in the present times. It has since received three very capital improvements, besides, probably, many smaller ones, of which it may be difficult to ascertain either the number or the importance. The three capital improvements are, first, the exchange of the rock and spindle for the spinning-wheel, which, with the same quantity of labour, will perform more than double the quantity of work. Secondly, the use of several very ingenious machines which facilitate and abridge in a still greater proportion the winding of the worsted and woollen yarn, or the proper arrangement of the warp and woof before they are put into the loom, an operation which, previous to the invention of those machines, must have been extremely tedious and troublesome. Thirdly, the employment of the fulling mill for thickening the cloth, instead of treading it in water. Neither wind nor water mills of any kind were known in England so early as the beginning of the sixteenth century, nor, so far as I know, in any other part of Europe north of the Alps. They had been introduced into Italy some time before.

The consideration of these circumstances may, perhaps, in some measure explain to us why the real price both of the coarse and of the fine manufacture, was so much higher in those ancient than it is in the present times. It costs a greater quantity of labour to bring the goods to market. When they were brought thither, therefore, they must have purchased or exchanged for the price of a greater quantity.

The coarse manufacture probably was, in those ancient times, carried on in England in the same manner as it has always been in

countries where art and manufactures are in their infancy. It was probably a household manufacture, in which every different part of the work was occasionally performed by all the different members of almost every private family, but so as to be their work only when they had nothing else to do, and not to be the principal business from which any of them derived the greater part of their subsistence. The work which is performed in this manner, it has already been observed, comes always much cheaper to market than that which is the principal or sole fund of the workman's subsistence. The fine manufacture, on the other hand, was not in those times carried on in England, but in the rich and commercial country of Flanders, and it was probably conducted then, in the same manner as now, by people who derived the whole or the principal part of their subsistence from it. It was, besides, a foreign manufacture, and must have paid some duty, the ancient custom of tonnage and poundage at least, to the king. This duty, indeed, would not probably be very great. It was not then the policy of Europe to restrain, by high duties, the importation of foreign manufactures, but rather to encourage it, in order that merchants might be enabled to supply, at as easy a rate as possible, the great men with the conveniences and luxuries which they wanted, and which the industry of their own country could not afford them.

The consideration of these circumstances may, perhaps, in some measure explain to us why, in those ancient times, the real price of the coarse manufacture was, in proportion to that of the fine, so much lower than in the present time.

CONCLUSION OF THE CHAPTER.

I SHALL conclude this very long chapter with observing that every improvement in the circumstances of the society tends either directly or indirectly to raise the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labour, or the produce of the labour of other people. The extension of improvement and cultivation tends to raise it directly. The landlords share of the produce necessarily increases with the increase of the produce.

That rise in the real price of those parts of the rude produce of land, which is first the effect of extended improvement and cultivation, and afterwards the cause of their being still further extended, the rise in the price of cattle, for example, tends to raise the rent of land directly, and in a still greater proportion. The real value of the landlord's share, his real command of the labour of other people, not only rises with the real value of the produce, but the proportion of his share to the whole produce rises with it. That produce, after the rise in its real price, requires no more labour to collect it than before. A smaller proportion of it will, therefore, be sufficient to replace, with the ordinary profit, the

stock which employs that labour. A greater proportion of it must, consequently, belong to the landlord.

All those improvements in the productive powers of labour which tend directly to reduce the real price of manufactures tend indirectly to raise the real rent of land. The landlord exchanges that part of his rude produce which is over and above his own consumption, or what comes to the same thing, the price of that part of it, for manufactured produce. Whatever reduces the real price of the latter raises that of the former. An equal quantity of the former becomes thereby equivalent to a greater quantity of the latter, and the landlord is enabled to purchase a greater quantity of the conveniences, ornaments, or luxuries, which he has occasion for. Every increase in the real wealth of the society, every increase in the quantity of useful labour employed within it, tends indirectly to raise the real rent of land. A certain proportion of this labour naturally goes to the land. A greater number of men and cattle are employed in its cultivation, the produce increases with the increase of the stock which is thus employed in raising it, and the rent increases with the produce.

The contrary circumstances, the neglect of cultivation and improvement, the fall in the real price of any part of the rude produce of land, the rise in the real price of manufactures from the decay of manufacturing art and industry, the declension of the real wealth of the society, all tend, on the other hand, to lower the real rent of land, to reduce the real wealth of the landlord, to diminish his power of purchasing either the labour, or the produce of the labour of other people.

The whole annual produce of the land and labour of every country, or what comes to the same thing, the whole price of that annual produce, naturally divides itself into three parts,—the rent of land, the wages of labour, and the profits of stock, and constitutes a revenue to three different orders of people,—to those who live by rent, to those who live by wages, and to those who live by profit. These are the three great original and constituent orders of every civilized society, from whose revenue that of every other order is ultimately derived.

The interest of the first of those three great orders, it appears from what has just now been said, is strictly and inseparably connected with the general interest of the society. Whatever either promotes or obstructs the one, necessarily promotes or obstructs the other. When the public deliberates concerning any regulation of commerce or police, the proprietors of land never can mislead it, with a view to promote the interest of their own particular order, at least, if they have any tolerable knowledge of that interest. They are, indeed, too often defective in this tolerable knowledge. They are the only one of the three orders whose

revenue costs them neither labour nor care, but comes to them, as it were, of its own accord, and independent of any plan or project of their own. That indolence, the natural effect of the ease and security of their situation, renders them too often, not only ignorant, but incapable of the application of mind necessary in order to foresee and understand the consequences of any public regulation.

The interest of the second order, that of those who live by wages, is as strictly connected with the interest of the society as that of the first. The wages of the labourer, it has already been shown, are never so high as when the demand for labour is continually rising, or when the quantity employed is every year increasing considerably. When this real wealth of the society becomes stationary, his wages are soon reduced to what is barely enough to enable him to bring up a family, or to continue the race of labourers. When the society declines, they fall even below this. The order of proprietors may, perhaps, gain more by the prosperity of the society than that of labourers, but there is no order that suffers so cruelly from its decline. But though the interest of the labourer is strictly connected with that of the society, he is incapable either of comprehending that interest, or of understanding its connexion with his own. His condition leaves him no time to receive the necessary information, and his education and habits are commonly such as to render him unfit to judge even though he was fully informed. In the public deliberations, therefore, his voice is little heard and less regarded, except upon some particular occasions, when his clamour is animated, set on, and supported by his employers, not for his, but for their own particular purposes.

His employers constitute the third order, that of those who live by profit. It is the stock that is employed for the sake of profit, which puts into motion the greater part of the useful labour of every society. The plans and projects of the employers of stock regulate and direct all the most important operations of labour, and profit is the end proposed by all those plans and projects. But the rate of profit does not, like rent and wages, rise with the prosperity and fall with the declension of the society. On the contrary, it is naturally low in rich and high in poor countries, and it is always highest in the countries which are going fastest to ruin. The interest of this third order, therefore, has not the same connexion with the general interest of the society as that of the other two. Merchants and master manufacturers are, in this order, the two classes of people who commonly employ the largest capitals, and who by their wealth draw to themselves the greatest share of the public consideration. As during their whole lives they are engaged in plans and projects, they have frequently more acuteness of understanding than the greater part of country gentlemen. As their thoughts, however, are commonly exercised

rather about the interest of their own particular branch of business, than about that of the society, their judgment, even when given with the greatest candour (which it has not been upon every occasion), is much more to be depended upon with regard to the former of those two objects than with regard to the latter. Their superiority over the country gentleman is, not so much in their knowledge of the public interest, as in their having a better knowledge of their own interest than he has of his. It is by this superior knowledge of their own interest that they have frequently imposed upon his generosity, and persuaded him to give up both his own interest and that of the public, from a very simple but honest conviction, that their interest, and not his, was the interest of the public. The interest of the dealers, however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the public. To widen the market and to narrow the competition is always the interest of the dealers. To widen the market may frequently be agreeable enough to the interest of the public, but to narrow the competition must always be against it, and can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it.

Years A.D.	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Mo- ney of the present times	Years A.D.	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Mo- ney of the present times.
1202	£ 0 12 0	£ — — —	£ 1 16 0	1258	£ 1 0 0	£ 0 15 0	£ 14 14 3
1205	£ 0 12 0 0 13 4 0 15 0	0 13 5	2 0 3		0 16 0	0 17 0	2 II 0
1223	0 12 0	— — —	1 16 0	1270	4 16 0 6 8 0	5 12 0	16 16 0
1237	0 3 4	— — —	0 10 0		0 2 8 0	0 9 4	1 8 0
1243	0 2 0	— — —	0 6 0	1286	0 16 0		
1244	0 2 0	— — —	0 6 0				
1246	0 16 0	— — —	2 8 0				
1247	0 13 5	— — —	2 0 0				
1257	1 4 0	— — —	3 12 0				
Carried forward, £14 14 3				Total £35 9 3			
				Average Price, £2 19 11			

Years A.D.	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Mo- ney of the present times.	Years A.D.	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Mo- ney of the present times.
1287	£ s d 0 3 4 0 0 8 0 1 0 0 1 4 0 1 6 0 1 8 0 2 0 0 3 4 0 9 4 0 12 0 0 6 0 0 2 0 0 10 8 1 0 0	£ s d — — — 0 10 0	1309 1315	1288	£ s d 0 7 2 1 0 0 1 0 0 1 10 0 1 12 0 2 0 0 2 4 0 0 14 0 2 13 0 4 0 0 0 6 8 0 2 0 0 3 4	£ s d Bt. fwd — — — — — — — — — 1 10 6 1 19 6 — — — — — —	£ s d 7 17 5 $\frac{1}{4}$ 1 1 6 3 0 0 4 11 6 5 18 6 0 6 0 0 10 0
1289	1 10 4 $\frac{1}{2}$	1 10 4 $\frac{1}{2}$	1316	1290	1336	1338	
1290	0 16 0	2 8 0	1337	1294	0 2 0	0 3 4	
1294	0 16 0	2 8 0	1338	1302	0 12 0		
1302	0 4 0	— — —					
		Carried forward, £7 17 5 $\frac{1}{4}$					
							Total, £23 4 11 $\frac{1}{4}$
							Average Price, £1 18 8

TABULAR STATEMENTS AS TO AVERAGE PRICES OF WHEAT

Years A.D.	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Prices of each Year in Mo- ney of the present times.	Years A.D.	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Mo- ney of the present times.	
1339	£ s d 0 9 0 0 2 0 1 6 8 0 2 0 0 15 0 1 0 0 1 4 0 0 4 0 0 2 0 0 13 4 0 14 0 0 16 0 0 16 0 0 4 4 0 3 4 0 16 0	£ s d — — — 0 5 2 3 2 2 0 4 8 1 15 0 1 2 0 2 9 4 0 9 4 0 4 8 0 14 5 1 13 7 1 17 6 1 17 6 0 3 10 0 8 11 1 12 0	1423 1425 1434 1435 1439 1440 1444 1445 1447 1448 1449 1451	1349 1359 1361 1363 1369 1379 1387 1390 1401 1407 1416	£ s d 0 8 0 0 4 0 1 6 8 0 5 4 1 0 0 1 6 8 0 4 4 0 4 6 0 8 0 0 6 8 0 5 0 0 8 0	£ s d — — — — — —	£ s d 0 16 0 0 8 0 2 13 4 0 10 8 2 6 8 2 8 0 0 8 4 0 9 0 0 16 0 0 13 4 0 10 0 0 16 0	
							Total, £12 15 4	
							Average Price, £1 1 3 $\frac{1}{2}$	
							Average Price, £1 5 9 $\frac{1}{2}$	

Years XII	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Mo- ney of the present times.	Years XII	Price of the Quarter of Wheat each Year	Average of the different Prices of the same Year	The average Price of each Year in Mo- ney of the present times.
	£ s d	£ s d	£ s d		£ s d	£ s d	£ s d
1453	0 5 4	— — —	0 10 8	1499	0 4 0	— — —	0 6 0
1455	0 1 2	— — —	0 2 4	1504	0 5 8	— — —	0 8 6
1457	0 7 8	— — —	0 15 4	1521	1 0 0	— — —	1 10 0
1459	0 5 0	— — —	0 10 0	1551	0 8 0	— — —	0 2 0
1460	0 8 0	— — —	0 16 0	1553	0 8 0	— — —	0 8 0
1463	{ 0 2 0 } { 0 1 8 }	0 1 10	0 3 8	1554	0 8 0	— — —	0 8 0
1464	0 6 8	— — —	0 10 0	1555	0 8 0	— — —	0 8 0
1486	1 4 0	— — —	1 17 0	1556	0 8 0	— — —	0 8 0
1491	0 14 8	— — —	1 2 0	{ 0 4 0 }	{ 0 5 0 }	0 17 8½	0 17 8½
1494	0 4 0	— — —	0 6 0	1557	{ 0 8 0 }	— — —	— — —
1495	0 3 4	— — —	0 5 0	{ 2 13 4 }	— — —	— — —	— — —
1497	1 0 0	— — —	1 11 0	1558	0 8 0	— — —	0 8 0
	Total	£ 8 9 0	1560	1559	0 8 0	— — —	0 8 0
	Average Price	£ 0 14 1				Total	£ 6 0 2½

Prices of the Quarter of nine Bushels of the best or highest priced Wheat at Windsor Market, on Lady Day and Michaelmas, from 1595 to 1764, both inclusive, the Price of each year being the Medium between the highest Prices of those two Market days

Years	Wheat per Quarter	Years	Wheat per Quarter	Years	Wheat per Quarter	Years	Wheat per Quarter
1637	2 13 0	1671	2 2 0	1701	1 17 6	1731	2 6 6
1638	2 17 4	1672	2 1 0	1702	1 17 6	1732	2 6 6
1639	2 4 10	1673	2 6 8	1703	1 16 0	1733	2 6 6
1640	2 4 8	1674	3 4 8	1704	1 16 6	1734	2 6 6
1641	2 8 0	1675	3 18 0	1705	1 16 6	1735	2 6 6
1642	Wanting in the Year 1642	1676	2 19 0	1706	1 16 6	1736	2 6 6
1643	Year 1643	1677	2 19 0	1707	1 16 6	1737	2 6 6
1644	Feeding	1678	3 0 0	1708	1 16 6	1738	2 6 6
1645		1679	3 0 0	1709	1 16 6	1739	2 6 6
1646	2 8 0	1680	2 5 0	1710	2 13 6	1740	2 13 6
1647	3 13 0	1681	2 6 5	1711	2 13 6	1741	2 13 6
1648	4 5 0	1682	2 4 0	1712	2 13 6	1742	2 13 6
1649	4 0 0	1683	2 0 0	1713	2 13 6	1743	2 13 6
1650	3 16 8	1684	2 4 0	1714	2 13 6	1744	2 13 6
1651	3 13 1	1685	2 6 5	1715	2 13 6	1745	2 13 6
1652	2 9 6	1686	1 14 0	1716	2 13 6	1746	2 13 6
1653	1 15 6	1687	1 5 2	1717	2 13 6	1747	2 13 6
1654	1 6 0	1688	2 6 0	1718	2 13 6	1748	2 13 6
1655	1 13 4	1689	1 10 5	1719	2 13 6	1749	2 13 6
1656	2 3 0	1690	1 11 5	1720	2 13 6	1750	2 13 6
1657	2 6 8	1691	1 11 5	1721	2 13 6		
1658	3 5 0	1692	2 6 5	1722	2 13 6		
1659	3 6 0	1693	3 7 5	1723	2 13 6		
1660	2 16 6	1694	3 1 0	1724	2 13 6		
1661	3 10 0	1695	2 13 0	1725	2 13 6		
1662	3 14 0	1696	3 11 0	1726	2 13 6		
1663	2 17 0	1697	3 0 0	1727	2 13 6		
1664	2 0 6	1698	3 5 4	1728	2 13 6		
1665	2 9 4	1699	1 1 0	1729	2 13 6		
1666	1 16 0	1700	2 0 0	1730	1 8 1	641 127 14 6	
1667	1 16 0			1731	1 19 10		
1668	2 0 0			1732	1 6 8		
1669	2 1 4			1733	1 19 10		
1670	2 1 8			1734	1 19 10		
		60) 1 3 1 8		1735	1 19 10		
				1736	1 19 10		
				1737	1 19 10		
				1738	1 19 10		
				1739	1 19 10		
				1740	1 19 10		
				1741	1 19 10		
				1742	1 19 10		
				1743	1 19 10		
				1744	1 19 10		
				1745	1 19 10		
				1746	1 19 10		
				1747	1 19 10		
				1748	1 19 10		
				1749	1 19 10		
				1750	1 19 10		
Cd	ld	79 14 2					

Years	Wheat per Quarter	Years	Wheat per Quarter	Years	Wheat per Quarter
1731	1 12 10	1741	1 13 0	1751	1 13 0
1732	1 6 8	1742	1 13 10	1752	1 13 10
1733	1 8 4	1743	1 14 10	1753	1 14 10
1734	1 18 10	1744	1 15 6	1754	1 15 6
1735	2 3 0	1745	1 16 6	1755	1 16 6
1736	2 0 4	1746	1 17 0	1756	1 17 0
1737	1 15 6	1747	1 17 0	1757	1 17 0
1738	1 15 6	1748	1 17 0	1758	1 17 0
1739	2 10 8	1749	1 17 0	1759	1 17 0
1740					
10) 18 12 8					
£1 17 3					
10) 16 18 2					
£1 13 0					

BOOK II —OF THE NATURE, ACCUMULATION, AND EMPLOYMENT OF STOCK

INTRODUCTION.—In that rude state of society in which there is no division of labour, in which exchanges are seldom made, and in which every man provides everything for himself, it is not necessary that any stock should be accumulated or stored up beforehand, in order to carry on the business of the society. Every man endeavours to supply by his own industry his own occasional wants as they occur. When he is hungry, he goes to the forest to hunt, when his coat is worn out, he clothes himself with the skin of the first large animal he kills, and when his hut begins to go to ruin, he repairs it, as well as he can, with the trees and the turf that are nearest it.

But when the division of labour has once been thoroughly introduced, the produce of a man's own labour can supply but a very small part of his occasional wants. The far greater part of them are supplied by the produce of other men's labour, which he purchases with the produce or, what is the same thing, with the price of the produce of his own. But this purchase cannot be made till such time as the produce of his own labour has not only been completed, but sold. A stock of goods of different kinds, therefore, must be stored up somewhere, sufficient to maintain him, and to supply him with the materials and tools of his work, till such time, at least, as both these events can be brought about. A weaver cannot apply himself entirely to his peculiar business, unless there is beforehand stored up somewhere, either in his own possession or in that of some other person, a stock sufficient to maintain him, and to supply him with the materials and tools of his work, till he has not only completed, but sold his web. This accumulation must, evidently, be previous to his applying his industry for so long a time to such a peculiar business.

As the accumulation of stock must, in the nature of things, be previous to the division of labour, so labour can be more and more subdivided in proportion only as stock is previously more and more accumulated. The quantity of materials which the same number of people can work up increases in a great proportion as labour comes to be more and more subdivided, and as the operations of each workman are gradually reduced to a greater degree of simplicity, a variety of new machines come to be invented for facilitating and abridging those operations. As the division of labour advances, therefore, in order to give constant employment to an equal number of workmen, an equal stock of provisions, and a greater stock of materials and tools than what would have been necessary in a ruder state of things, must be accumulated beforehand. But the number of workmen in every branch of business generally increases with the division of labour in that branch, or

rather it is the increase of their number which enables them to class and subdivide themselves in this manner.

As the accumulation of stock is productive of every thing on this great improvement in the productive powers of labour, so that accumulation naturally leads to the improvement. The person who employs his stock in manufactures will, it necessarily wishes to employ it in such a manner as to produce at least a quantity of work as possible. He endeavours, therefore, both to make among his workmen the most proper distribution of employment, and to furnish them with the best machines which he can either invent or afford to purchase. His abilities in both these respects are generally in proportion to the extent of his stock, or to the number of people whom it can employ. The prosperity of industry, therefore, not only increases in exact proportion with the increase of the stock which employs it, but in consequence of that increase, the same quantity of industry produces a much greater quantity of work. Such are in general the effects of the increase of stock upon industry and its productive power.

In the following book I have endeavoured to examine the nature of stock, the effects of its accumulation into capital of different kinds, and the effects of the different employments of those capitals. This book is divided into five chapters. In the first chapter I have endeavoured to show what are the different parts or branches into which the stock either of an individual or of a great society, naturally divides itself. In the second I have endeavoured to explain the nature and operation of money considered as a particular branch of the general stock of the society. The stock which is accumulated into capital may either be employed by the person to whom it belongs, or may be lent to some other person. In the third and fourth chapters I have endeavoured to examine the manner in which it operates in both these situations. The fifth and last chapter treats of the different effects which the different employments of capital immediately produce upon the quantity both of national industry and of the annual produce of land and labour.

CHAP I.—Of the Division of Stock —When the stock which a man possesses is no more than sufficient to maintain him for a few days or a few weeks, he seldom thinks of deriving any revenue from it. He consumes it as sparingly as he can, and endeavours by his labour to acquire something which may supply its place before it be consumed altogether. His revenue is, in this case, derived from his labour only. This is the state of the greater part of the labouring poor in all countries.

But when he possesses stock sufficient to maintain him for months or years, he naturally endeavours to derive a revenue from

the greater part of it, reserving only so much for his immediate consumption as may maintain him till this revenue begins to come in His whole stock, therefore, is distinguished into two parts That part which he expects is to afford him this revenue is called his capital The other is that which supplies his immediate consumption, and which consists either, 1, in that portion of his whole stock which was originally reserved for this purpose; or, 2, in his revenue, from whatever source derived, as it gradually comes in, or, 3, in such things as had been purchased by either of these in former years, and which are not yet entirely consumed, such as a stock of clothes, household furniture, and the like In one, or other, or all of these three articles, consists the stock which men commonly reserve for their own immediate consumption

There are two different ways in which a capital may be employed so as to yield a revenue or profit to its employer

I It may be employed in raising, manufacturing, or purchasing goods, and selling them again with a profit The capital employed in this manner yields no revenue or profit to its employer, while it either remains in his possession or continues in the same shape The goods of the merchant yield him no revenue or profit till he sells them for money, and the money yields him as little till it is again exchanged for goods His capital is continually going from him in one shape and returning to him in another, and it is only by means of such circulation, or successive exchanges, that it can yield him any profit Such capitals may very properly be called circulating capitals

II It may be employed in the improvement of land, the purchase of useful machines and instruments of trade, or such-like things as yield a revenue or profit without changing masters or circulating any further Such capitals may very properly be called fixed capitals

Different occupations require very different proportions between the fixed and circulating capitals employed in them

The capital of a merchant, for example, is altogether a circulating capital He has no occasion for machines or instruments of trade, unless his shop or warehouse be considered as such

Some part of the capital of every master artificer or manufacturer must be fixed in the instrument of his trade This part, however, is very small in some and very great in others A master tailor requires no other instrument of trade but a parcel of needles Those of the master shoemaker are a little, though but a very little, more expensive Those of the weaver rise a good deal above those of the shoemaker The far greater part of the capital of all such master artificers is circulated in the wages of their workmen, or the price of their materials, and to be repaid with a profit by the price of the work

In other works a much greater fixed capital is required. In a

great iron-work, for example, the furnace for melting the ore, the forge, the slit-mill, are instruments of trade which cannot be erected without a very great expense. In coal-works and mines of every kind, the machinery necessary both for drawing out the water and for other purposes is frequently still more expensive.

That part of the capital of the farmer which is employed in the instruments of agriculture is a fixed, that which is employed in the wages and maintenance of his labouring servants is a circulating capital. He makes a profit of the one by keeping it in his own possession, and of the other by parting with it. The price or value of his labouring cattle is a fixed capital in the same manner as that of the instruments of husbandry their maintenance is a circulating capital in the same manner as that of the labouring servants. The farmer makes his profit by keeping the labouring cattle and by parting with their maintenance. Both the price and the maintenance of the cattle which are bought in and fattened, not for labour, but for sale, are a circulating capital. The farmer makes his profit by parting with them. A flock of sheep or a herd of cattle that, in a breeding country, is bought in neither for labour nor for sale, but in order to make a profit by their wool, by their milk, and by their increase, is a fixed capital the profit is made by keeping them. Their maintenance is a circulating capital: the profit is made by parting with it and it comes back with both its own profit and the profit upon the whole price of the cattle, in the price of the wool, the milk, and the increase. The whole value of the seed, too, is properly a fixed capital. Though it goes backwards and forwards between the ground and the granary, it never changes masters, and therefore does not properly circulate. The farmer makes his profit not by its sale, but by its increase.

The general stock of any country or society is the same with that of all its inhabitants or members, and naturally divides itself into the same three portions, each of which has a distinct function or office.

The first is that portion which is reserved for immediate consumption, and of which the characteristic is, that it affords no revenue or profit. It consists in the stock of food, clothes, household furniture, etc., which have been purchased by their proper consumers, but which are not yet entirely consumed. The whole stock of mere dwelling-houses, too, subsisting at any one time in the country, make a part of this first portion. The stock that is laid out in a house, if it is to be the dwelling-house of the proprietor, ceases from that moment to serve in the function of a capital, or to afford any revenue to its owner. A dwelling-house, as such contributes nothing to the revenue of its inhabitant; and though it is, no doubt, extremely useful to him, it is as his clothes and household furniture are useful to him, which, however, make a part of his expense, and not of his revenue. If it is to be let to

a tenant for rent, as the house itself can produce nothing, the tenant must always pay the rent out of some other revenue which he derives either from labour, or stock, or land. Though a house, therefore, may yield a revenue to its proprietor, and thereby serve in the function of capital to him, it cannot yield any to the public, nor serve in the functions of a capital to it, and the revenue of the whole body of the people can never be in the smallest degree increased by it. Clothes and household furniture, in the same manner, sometimes yield a revenue, and thereby serve in the function of a capital to particular persons. In countries where masquerades are common, it is a trade to let out masquerade dresses for a night. Upholsterers frequently let furniture by the month or by the year. Undertakers let the furniture for funerals by the day and by the week. Many people let furnished houses and get a rent, not only for the use of the house, but for that of the furniture. The revenue which is derived from such things must always be ultimately drawn from some other source of revenue. Of all parts of the stock either of an individual or of a society, reserved for immediate consumption, what is laid out in houses is most slowly consumed. A stock of clothes may last several years, a stock of furniture half a century or a century, but a stock of houses, well built and properly taken care of, may last many centuries. Though the period of total consumption is more distant, they are still as really a stock reserved for immediate consumption as are either clothes or household furniture.

The second of the three portions into which the general stock of the society divides itself is the fixed capital, of which the characteristic is, that it affords a revenue or profit without circulating or changing masters. It consists chiefly of the four following articles.—

I. Of all useful machines and instruments of trade which facilitate and abridge labour. II. Of all those profitable buildings which are the means of procuring a revenue, not only to their proprietor who lets them for a rent, but to the person who possesses them and pays that rent for them, such as shops, warehouses, workshops, farmhouses, with all their necessary buildings, stables, granaries, etc. These are very different from mere dwelling-houses. They are a sort of instrument of trade, and may be considered in the same light. III. Of the improvements of land, of what has been profitably laid out in clearing, draining, enclosing, manuring, and reducing it into the condition most proper for tillage and culture. An improved farm may very justly be regarded in the same light as those useful machines which facilitate and abridge labour, and by means of which an equal circulating capital can afford a much greater revenue to its employer. An improved farm is equally advantageous and more durable than any of those machines, frequently requiring no other repairs than the most pro-

fitable application of the farmer's capital which is employed in cultivating it IV. Of the acquired and useful abilities of all the inhabitants or members of the society. The acquisition of such talents by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a real expence, which is a capital fixed and realized, as it were, in his person. Those talents, as they make a part of his fortune, so do they likewise of that of the society to which he belongs. The improved dexterity of the workman may be considered in the same light as a machine or instrument of trade which abridges labour, and which, though it costs a certain expense, repays that expense with a profit.

The third and last of the three portions into which the general stock of the society naturally divides itself is the circulating capital, of which the characteristic is, that it affords a revenue only by circulating or changing masters. It is composed likewise of four parts —

I Of the money by means of which all the other three are circulated and distributed to their proper consumers. II Of the stock of provisions which are in the possession of the butcher, the grazier, the farmer, the corn merchant, the brewer, etc., and from the sale of which they expect to derive a profit. III Of the materials, whether altogether rude, or more or less manufactured, of clothes, furniture and building, which are not yet made up into any of those three shapes, but which remain in the hands of the growers, the manufacturers, the mercers and drapers, the timber-merchants, the carpenters and joiners, the brick-makers, etc. IV and lastly, of the work which is made up and completed, but which is still in the hands of the merchant or manufacturer, and not yet disposed of or distributed to the proper consumers, such as the finished work which we frequently find ready-made in the shops of the smith, the cabinet-maker, the goldsmith, the jeweller, the china merchant, etc. The circulating capital consists in this manner, of the provisions, materials, and finished work of all kinds that are in the hands of their respective dealers, and of the money that is necessary for circulating and distributing them to those who are finally to use, or to consume them.

Of these four parts, three—provisions, materials, and finished work—are, either annually, or in a longer or shorter period, regularly withdrawn from it, and placed either in the fixed capital or in the stock reserved for immediate consumption.

Every fixed capital is both originally derived from, and requires to be continually supported by a circulating capital. All useful machines and instruments of trade are originally derived from a circulating capital, which furnishes the materials of which they are made, and the maintenance of the workmen who make them. They require, too, a capital of the same kind to keep them in con-

stant repair. No fixed capital can yield any revenue but by means of a circulating capital. The most useful machines and instruments of trade will produce nothing without the circulating capital which affords the materials they are employed upon, and the maintenance of the workmen who make them. Land, however improved, will yield no revenue without a circulating capital, which maintains the labourers who cultivate and collect its produce.

To maintain and augment the stock which may be reserved for immediate consumption is the sole end and purpose both of the fixed and circulating capitals. It is this stock which feeds, clothes, and lodges the people. Their riches or poverty depends upon the abundant or sparing supplies which those two capitals can afford to the stock reserved for immediate consumption.

So great a part of the circulating capital being continually withdrawn from it, in order to be placed in the other two branches of the general stock of the society, it must in its turn require continual supplies, without which it would soon cease to exist. These supplies are principally drawn from three sources, the produce of land, of mines, and of fisheries. These afford continual supplies of provisions and materials, of which part is afterwards wrought up into finished work, and by which are replaced the provisions, materials, and finished work continually withdrawn from the circulating capital. From mines, too, is drawn what is necessary for maintaining and augmenting that part of it which consists in money. For though, in the ordinary course of business, this part is not, like the other three, necessarily withdrawn from it, in order to be placed in the other two branches of the general stock of the society, it must, like all other things, be wasted and worn out at last, and sometimes, too, be either lost or sent abroad, and must, therefore, require continual though much smaller supplies.

Land, mines, and fisheries, require all both a fixed and a circulating capital to cultivate them, and their produce replaces with a profit, not only those capitals, but all the others in the society. Thus the farmer annually replaces to the manufacturer the provisions which he had consumed and the materials which he had wrought up the year before, and the manufacturer replaces to the farmer the finished work which he had wasted and worn out in the same time. This is the real exchange that is annually made between those two orders of people, though it seldom happens that the rude produce of the one and the manufactured produce of the other, are directly bartered for one another, because it seldom happens that the farmer sells his corn and his cattle, his flax and his wool, to the very same person of whom he chooses to purchase the clothes, furniture, and instruments of trade which he wants. He sells, therefore, his rude produce for money, with which he can purchase, wherever it is to be had, the manufactured produce.

he has occasion for Land even replaces, in part at least, the capitals with which fisheries and mines are cultivated. It is the produce of land which draws the fish from the waters, and it is the produce of the surface of the earth which extracts the minerals from its bowels. The produce of Land, mines, and fisheries, when their natural fertility is equal, is in proportion to the extent and proper application of the capitals employed about them. When the capitals are equal and equally well applied, it is in proportion to their natural fertility.

In all countries where there is tolerable security, every man of common understanding will endeavour to employ whatever stock he can command in procuring present enjoyment or future profit. If it is employed in procuring present enjoyment, it is a stock reserved for immediate consumption. If it is employed in procuring future profit, it must procure this profit either by staying with him, or by going from him. In the one case it is a fixed, in the other it is circulating capital. A man must be perfectly crazy who, where there is tolerable security, does not employ all the stock he commands, whether his own or borrowed of other people, in some one or other of those three ways.

In those unfortunate countries indeed, where men are continually afraid of the violence of their superiors, they frequently bury and conceal a great part of their stock in order to have it always at hand to carry with them to some place of safety, in case of their being threatened with any of those disasters to which they consider themselves at all times exposed. This is said to be a common practice in Turkey, in Hindostan, and, I believe, in most other governments of Asia. It seems to have been a common practice among our ancestors during the violence of the feudal government. Treasure-trove was in those times considered as no contemptible part of the revenue of the greatest sovereigns in Europe. It consisted in such treasure as was found concealed in the earth, and to which no particular person could prove any right. This was regarded in those times as so important an object, that it was always considered as belonging to the sovereign, and neither to the finder nor to the proprietor of the land, unless the right to it had been conveyed to the latter by an express clause in his charter. It was put upon the same footing with gold and silver mines, which, without a special clause in the charter, were never supposed to be comprehended in the general grant of the lands, though mines of lead, copper, tin, and coal, were, as things of smaller consequence.

CHAP II.—*On Money considered as a particular Branch of the General Stock of the Society, or of the Expense of Maintaining the National Capital*—It has been shown in the first book, that the

price of the greater part of commodities resolves itself into three parts, of which one pays the wages of the labour, another the profits of the stock, and a third the rent of the land which had been employed in producing and bringing them to market. that there are, indeed, some commodities of which the price is made up of two of those parts only, the wages of labour, and the profits of the stock, and a very few in which it consists altogether in one, the wages of labour, but that the price of every commodity necessarily resolves itself into some one, or other, or all of these three parts, every part of it which goes neither to rent nor to wages, being necessarily profit to somebody

Since this is the case, it has been observed, with regard to every particular commodity, taken separately it must be so with regard to all the commodities which compose the whole annual produce of the land and labour of every country, taken compleatly. The whole price or exchangeable value of that annual produce, must resolve itself into the same three parts, and be parcelled out among the different inhabitants of the country, either as the wages of their labour, the profits of their stock, or the rent of their land

But though the whole value of the annual produce of the land and labour of every country is thus divided among and constitutes a revenue to its different inhabitants, yet as in the rent of a private estate we distinguish between the gross rent and the nett rent, so may we likewise in the revenue of all the inhabitants of a great country

The gross rent of a private estate comprehends whatever is paid by the farmer, the nett rent, what remains free to the landlord, after deducting the expense of management, of repairs, and all other necessary charges, or what, without hurting his estate, he can afford to place in his stock reserved for immediate consumption, or to spend upon his table, equipage, the ornaments of his house and furniture, his private enjoyments and amusements. His real wealth is in proportion, not to his gross, but to his nett rent.

The gross revenue of all the inhabitants of a great country, comprehends the whole annual produce of their land and labour, the nett revenue, what remains free to them after deducting the expense of maintaining, first, their fixed, and, secondly, their circulating capital, or what, without encroaching upon their capital, they can place in their stock reserved for immediate consumption, or spend upon their subsistence, conveniencies, and amusements. Their real wealth, too, is in proportion, not to their gross, but to their nett revenue

The whole expense of maintaining the fixed capital, must evidently be excluded from the nett revenue of the society. Neither the materials necessary for supporting their useful machines and instruments of trade, their profitable buildings, etc., nor the produce of the labour necessary for fashioning those materials into

tain quantity of very valuable materials, gold and silver, and of very curious labour, instead of augmenting the store reserved for immediate consumption, the subsistence, conveniences, and amusements of individuals, is employed in supporting that great but expensive instrument of commerce, by means of which every individual in the society has his subsistence, conveniences, and amusements, regularly distributed to him in their proper proportions.

Secondly, as the machines and instruments of trade, &c., which compose the fixed capital either of an individual or of a society, make no part either of the gross or of the nett revenue of either, so money, by means of which the whole revenue of the society is regularly distributed among all its different members, makes itself no part of that revenue. The great wheel of circulation is altogether different from the goods which are circulated by means of it. The revenue of the society consists altogether in those goods, and not in the wheel which circulates them. In computing either the gross or the nett revenue of any society, we must always, from their whole annual circulation of money and goods, deduct the whole value of the money, of which not a single farthing can ever make any part of either.

It is the ambiguity of language only which can make this proposition appear either doubtful or paradoxical. When properly explained and understood, it is almost self evident.

When we talk of any particular sum of money, we sometimes mean nothing but the metal pieces of which it is composed; and sometimes we include in our meaning some obscure reference to the goods which can be had in exchange for it, or to the power of purchasing which the possession of it conveys. Thus when we say, that the circulating money of England has been computed at eighteen millions, we mean only to express the amount of the metal pieces, which some writers have computed, or rather have supposed, to circulate in that country. But when we say that a man is worth fifty or a hundred pounds a-year, we mean commonly to express not only the amount of the metal pieces which are annually paid to him, but the value of the goods which he can annually purchase or consume. We mean commonly to ascertain what is or ought to be his way of living, or the quantity and the quality of the necessaries and conveniences of life in which he can with propriety indulge himself.

When, by any particular sum of money, we mean not only to express the amount of the metal pieces of which it is composed, but to include in its signification some obscure reference to the goods which can be had in exchange for them, the wealth or revenue which it in this case denotes, is equal only to one of the two values which are thus intimated somewhat ambiguously by the same word, and to the latter more properly than to the

former, to the money's worth more properly than to the money. Thus if a guinea be the weekly pension of a particular person, he can in the course of the week purchase with it a certain quantity of subsistence, conveniences, and amusement. In proportion as this quantity is great or small, so are his real riches, his real weekly revenue. His weekly revenue is certainly not equal both to the guinea and to what can be purchased with it, but only to one or other of those two equal values, and to the latter more properly than to the former, to the guinea's worth rather than to the guinea.

If the pension of such a person was paid to him, not in gold, but in a weekly bill for a guinea, his revenue surely would not so properly consist in the piece of paper, as in what he could get for it. A guinea may be considered as a bill for a certain quantity of necessaries and conveniences upon all the tradesmen in the neighbourhood. The revenue of the person to whom it is paid does not so properly consist in the piece of gold, as in what he can get for it, or in what he can exchange it for. If it could be exchanged for nothing, it would, like a bill upon a bankrupt, be of no more value than the most useless piece of paper.

Though the weekly or yearly revenue of all the different inhabitants of any country, in the same manner, may be, and in reality frequently is, paid to them in money, their real riches, however, the real weekly or yearly revenue of all of them taken together, must always be great or small in proportion to the quantity of consumable goods which they can all of them purchase with this money. The whole revenue of all of them taken together is evidently not equal to both the money and the consumable goods, but only to one or other of those two values, and to the latter more properly than to the former.

Though we frequently, therefore, express a person's revenue by the metal pieces which are annually paid to him, it is because the amount of those pieces regulates the extent of his power of purchasing, or the value of the goods which he can annually afford to consume.

We still consider his revenue as consisting in this power of purchasing, or consuming, and not in the pieces which convey it.

But if this is sufficiently evident even with regard to an individual, it is still more so with regard to a society. The amount of the metal pieces which are annually paid to an individual, is often precisely equal to his revenue, and is upon that account the shortest and best expression of its value. But the amount of the metal pieces which circulate in a society, can never be equal to the revenue of all its members. As the same guinea which pays the weekly pension of one man to-day, may pay that of another to-morrow, and that of a third the day thereafter, the amount of the metal pieces which annually circulate in any country, must always be of much less value than the whole money pensions annually

paid with them. But the power of purchasing, or the goods which can successively be bought with the whole of those money pensions as they are successively paid, must always be precisely of the same value with those pensions, as must be the revenue of the different persons to whom they are paid. That revenue cannot consist in those metal pieces, of which the amount is so much inferior to its value, but in the power of purchasing, in the goods which can successively be bought with them as they circulate from hand to hand. Money, therefore, the great wheel of circulation, the great instrument of commerce, like all other instruments of trade, though it makes a part, and a very valuable part, of the capital, makes no part of the revenue of the society to which it belongs; and though the metal pieces of which it is composed, in the course of their annual circulation, distribute to every man the revenue which properly belongs to him, they make themselves no part of that revenue.

Thirdly, and lastly, the machines and instruments of trade, etc., which compose the fixed capital, bear this further resemblance to that part of the circulating capital which consists in money, that as every saving in the expense of erecting and supporting those machines, which does not diminish the productive powers of labour, is an improvement of the nett revenue of the society; so every saving in the expense of collecting and supporting that part of the circulating capital which consists in money, is an improvement of exactly the same kind.

It is sufficiently obvious, and it has partly, too, been explained already, in what manner every saving in the expense of supporting the fixed capital is an improvement of the nett revenue of the society. The whole capital of the undertaker of every work is necessarily divided betwixt his fixed and his circulating capital. While his whole capital remains the same, the smaller the one part, the greater must necessarily be the other. It is the circulating capital which furnishes the materials and wages of labour, and puts industry into motion. Every saving, therefore, in the expense of maintaining the fixed capital, which does not diminish the productive powers of labour, must increase the fund which puts industry into motion, and consequently the annual produce of land and labour, the real revenue of every society.

The substitution of paper in the room of gold and silver money, replaces a very expensive instrument of commerce with one much less costly, and sometimes equally convenient. Circulation comes to be carried on by a new wheel, which it costs less both to erect and to maintain than the old one. But in what manner this operation is performed, and in what manner it tends to increase either the gross or the nett revenue of the society, is not altogether so obvious, and may therefore require some further explication.

There are several different sorts of paper money, but the circulating notes of banks and bankers are the species which is best known, and which seems best adapted for this purpose. When the people of any particular country have such confidence in the fortune, probity, and prudence of a particular banker, as to believe that he is always ready to pay upon demand such of his promissory notes as are likely to be at any time presented to him, those notes come to have the same currency as gold and silver money, from the confidence that such money can at any time be had for them

A particular banker lends among his customers his own promissory notes, to the extent, we shall suppose, of £100,000. As those notes serve all the purposes of money, his debtors pay him the same interest as if he had lent them so much money. This interest is the source of his gain. Though some of those notes are continually coming back upon him for payment, part of them continue to circulate for months and years together. Though he has generally in circulation, therefore, notes to the extent of £100,000, £20,000 in gold and silver may, frequently, be a sufficient provision for answering occasional demands. By this operation, therefore, £20,000 in gold and silver perform all the functions which £100,000 could otherwise have performed. The same exchanges may be made, the same quantity of consumable goods may be circulated and distributed to their proper consumers, by means of his promissory notes, to the value of £100,000, as by an equal value of gold and silver money. £80,000 of gold and silver, therefore, can in this manner be spared from the circulation of the country, and if different operations of the same kind should, at the same time, be carried on by many different banks and bankers, the whole circulation may thus be conducted with a fifth part only of the gold and silver which would otherwise have been requisite. Let us suppose, for example, that the whole circulating money of some particular country amounted, at a particular time, to £1,000,000, that sum being then sufficient for circulating the whole annual produce of their land and labour. Let us suppose, too, that some time thereafter, different banks and bankers issued promissory notes, payable to the bearer, to the extent of £1,000,000, reserving in their different coffers £200,000 for answering occasional demands. There would remain, therefore, in circulation, £800,000 in gold and silver, and a million of bank notes, or £1,800,000 of paper and money together. But the annual produce of the land and labour of the country had before required only one million to circulate and distribute it to its proper consumers, and that annual produce cannot be immediately augmented by those operations of banking. One million, therefore, will be sufficient to circulate it after them. The goods to be bought and sold being precisely the same as before, the same quantity of money will be sufficient for

buying and selling them The channel of circulation, if I may be allowed such an expression, will remain precisely the same as before One million we have supposed sufficient to fill that channel. Whatever, therefore, is poured into it beyond this sum, cannot run in it, but must overflow One million eight hundred thousand pounds are poured into it Eight hundred thousand pounds, therefore, must overflow, that sum being over and above what can be employed in the circulation of the country But though this sum cannot be employed at home, it is too valuable to be allowed to lie idle It will, therefore, be sent abroad, in order to seek that profitable employment which it cannot find at home But the paper cannot go abroad, because at a distance from the banks which issue it, and from the country in which payment of it can be exacted by law, it will not be received in common payments Gold and silver, therefore, to the amount of eight hundred thousand pounds will be sent abroad, and the channel of home circulation will remain filled with a million of paper, instead of the million of those metals which filled it before

But though so great a quantity of gold and silver is thus sent abroad, we must not imagine that it is sent abroad for nothing, or that its proprietors make a present of it to foreign nations They will exchange it for foreign goods of some kind or another, in order to supply the consumption either of some other foreign country, or of their own

If they employ it in purchasing goods in one foreign country in order to supply the consumption of another, or in what is called the carrying trade, whatever profit they make will be in addition to the nett revenue of their own country It is like a new fund, created for carrying on a new trade, domestic business being now transacted by the medium of paper, and the gold and silver being converted into a fund for this new trade

If they employ it in purchasing foreign goods for home consumption, they may either, first, purchase such goods as are likely to be consumed by idle people who produce nothing, such as foreign wines, foreign silks, etc., or, secondly, they may purchase an additional stock of materials, tools, and provisions, in order to maintain and employ an additional number of industrious people, who reproduce, with a profit, the value of their annual consumption

So far as it is employed in the first way, it promotes prodigality, increases expense and consumption without increasing production, or establishing any permanent fund for supporting that expense, and is in every respect hurtful to the society

So far as it is employed in the second way, it promotes industry, and though it increases the consumption of the society, it provides a permanent fund for supporting that consumption—the people who consume reproducing, with a profit, the whole value of their

annual consumption The gross revenue of the society, the annual produce of their land and labour, is increased by the whole value which the labour of those workmen adds to the materials upon which they are employed, and their nett revenue by what remains of this value, after deducting what is necessary for supporting the tools and the instruments of their trade

That the greater part of the gold and silver which, being forced abroad by those operations of banking, is employed in purchasing foreign goods for home consumption, is and must be employed in purchasing those of this second kind, seems not only probable, but almost unavoidable Though some particular men may sometimes increase their expense very considerably, though their revenue does not increase at all, we may be assured that no class or order of men ever does so, because, though the principles of common prudence do not always govern the conduct of every individual, they always influence that of the majority of every class or order. But the revenue of idle people, considered as a class or order, cannot, in the smallest degree, be increased by those operations of banking Their expense in general, therefore, cannot be much increased by them, though that of a few individuals among them may, and in reality sometimes is The demand of idle people, therefore, for foreign goods being the same, or very nearly the same, as before, a very small part of the money, which being forced abroad by those operations of banking, is employed in purchasing foreign goods for home consumption, is likely to be employed in purchasing those for their use. The greater part of it will naturally be destined for the employment of industry, and not for the maintenance of idleness

When we compute the quantity of industry which the circulating capital of any society can employ, we must always have regard to those parts of it only which consist in provisions, materials, and finished work, the other, which consists in money, and which serves only to circulate those three, must always be deducted In order to put industry into motion, three things are requisite materials to work upon, tools to work with, and the wages or recompense for the sake of which the work is done. Money is neither a material to work upon, nor a tool to work with, and though the wages of the workman are commonly paid to him in money, his real revenue, like that of all other men, consists, not in the money, but in the money's worth, not in the metal pieces, but in what can be got for them

The quantity of industry which any capital can employ, must, evidently, be equal to the number of workmen whom it can supply with materials, tools, and a maintenance suitable to the nature of the work Money may be requisite for purchasing the materials and tools of the work, as well as the maintenance of the workmen.

trade of the city of Glasgow doubled in about fifteen years, after the first erection of the banks there, and that the trade of Scotland has more than quadrupled since the first erection of the two public banks at Edinburgh, of which the one, called the Bank of Scotland, was established by act of parliament in 1693, the other, called the Royal Bank, by royal charter in 1727. Whether the trade, either of Scotland in general, or of the city of Glasgow in particular, has really increased in so great a proportion, during so short a period, I do not pretend to know. If either of them has increased in this proportion, it seems to be an effect too great to be accounted for by the sole operation of this cause. That the trade and industry of Scotland, however, have increased very considerably during this period, and that the banks of issue have contributed a good deal to this increase, cannot be doubted.

The value of the silver money which circulated in Scotland before the Union, in 1707, and which, immediately after it, was brought into the Bank of Scotland in order to be re-coined, amounted to £411,117, 10s 9d sterling. No account has been got of the gold coin, but it appears from the ancient accounts of the mint of Scotland, that the value of the gold annually coined, somewhat exceeded that of the silver *. There were a good many people too upon this occasion, who, from a diffidence of repayment, did not bring their silver into the Bank of Scotland, and there was, besides, some English coin, which was not called in. The whole value of the gold and silver, therefore, which circulated in Scotland before the Union, cannot be estimated at less than a million sterling. It seems to have constituted almost the whole circulation of that country, for though the circulation of the Bank of Scotland, which had then no rival, was considerable, it seems to have made but a very small part of the whole. In the present times the whole circulation of Scotland cannot be estimated at less than two millions, of which that part which consists in gold and silver, most probably, does not amount to half a million. But though the circulating gold and silver of Scotland have suffered so great a diminution during this period, its real riches and prosperity do not appear to have suffered any. Its agriculture, manufactures, and trade, on the contrary, the annual produce of its land and labour, have evidently been augmented.

It is chiefly by discounting bills of exchange, that is, by advancing money upon them before they are due, that the greater part of banks and bankers issue their promissory notes. They deduct always, upon whatever sum they advance, the legal interest till the bill shall become due. The payment of the bill when it becomes due, replaces to the bank the value of what had been advanced, together with a clear profit of the interest. The

* Ruddiman's Preface to Anderson's *Diplomata*, etc., Scotæ

banker who advances to the merchant whose bill he discounts, not gold and silver, but his own promissory notes, has the advantage of being able to discount to a greater amount by the whole value of his promissory notes, which he finds by experience are commonly in circulation. He is thereby enabled to make his clear gain of interest on so much a larger sum.

The commerce of Scotland, which at present is not very great, was still more inconsiderable when the two first banking companies were established; and those companies would have had but little trade, had they confined their business to the discounting bills of exchange. They invented, therefore, another method of issuing their promissory notes, by granting what they called, cash accounts, that is by giving credit to the extent of a certain sum (two or three thousand pounds, for example) to any individual who could procure two persons of undoubted credit and good landed estate to become surety for him, that whatever money should be advanced to him within the sum for which the credit had been given, should be repaid upon demand, together with the legal interest. Credits of this kind are, I believe, commonly granted by banks and bankers in all different parts of the world. But the easy terms upon which the Scotch banking companies accept of repayment are, so far as I know, peculiar to them, and have, perhaps, been the principal cause, both of the great trade of those companies, and of the benefit which the country has received from it.

Whoever has a credit of this kind with one of those companies, and borrows a thousand pounds upon it, for example, may repay this sum piecemeal, by twenty and thirty pounds at a time, the company discounting a proportionable part of the interest of the great sum from the day on which each of those small sums is paid in, till the whole be in this manner repaid. All merchants, therefore, and almost all men of business, find it convenient to keep such cash accounts with them, and are thereby interested to promote the trade of those companies, by readily receiving their notes in all payments, and by encouraging all those with whom they have any influence to do the same. The banks, when their customers apply to them for money, generally advance it to them in their own promissory notes. These the merchants pay away to the manufacturers for goods, the manufacturers to the farmers for materials and provisions, the farmers to their landlords for rent, the landlords repay them to the merchants for the conveniences and luxuries with which they supply them, and the merchants again return them to the banks in order to balance their cash accounts, or to replace what they may have borrowed of them, and thus almost the whole money business of the country is transacted by means of them. Hence the great trade of those companies.

By means of those cash accounts every merchant can, without

imprudence, carry on a greater trade than he otherwise could do. If there are two merchants, one in London, and the other in Edinburgh, who employ equal stocks in the same branch of trade, the Edinburgh merchant can, without imprudence, carry on a greater trade, and give employment to a greater number of people than the London merchant. The London merchant must always keep by him a considerable sum of money, either in his own coffers, or in those of his banker, who gives him no interest for it, in order to answer the demands continually coming upon him for payment of the goods which he purchases upon-credit. Let the ordinary amount of this sum be supposed five hundred pounds. The value of the goods in his warehouse must always be less by five hundred pounds than it would have been, had he not been obliged to keep such a sum unemployed. Let us suppose that he generally disposes of his whole stock upon hand, or of goods to the value of his whole stock upon hand, once in the year. By being obliged to keep so great a sum unemployed, he must sell in a year five hundred pounds worth less goods than he might otherwise have done. His annual profits must be less by all that he could have made by the sale of five hundred pounds worth more goods, and the number of people employed in preparing his goods for the market, must be less by all those that five hundred pounds more stock could have employed. The merchant in Edinburgh, on the other hand, keeps no money unemployed for answering such occasional demands. When they actually come upon him, he satisfies them from his cash account with the bank, and gradually replaces the sum borrowed with the money or paper which comes in from the occasional sales of his goods. With the same stock, therefore, he can, without imprudence, have, at all times in his warehouse a larger quantity of goods than the London merchant; and can thereby both make a greater profit himself, and give constant employment to a greater number of industrious people who prepare those goods for the market. Hence the great benefit which the country has derived from this trade. The facility of discounting bills of exchange, it may be thought indeed, gives the English merchants a convenience equivalent to the cash accounts of the Scotch merchants. But the Scotch merchants, it must be remembered, can discount their bills of exchange as easily as the English merchants, and have, besides, the additional convenience of their cash accounts.

The whole paper money of every kind which can easily circulate in any country never can exceed the value of the gold and silver of which it supplies the place, or which (the commerce being supposed the same) would circulate there, if there was no paper money. If twenty shilling notes, for example, are the lowest paper money current in Scotland, the whole of that currency which can easily

circulate there cannot exceed the sum of gold and silver which would be necessary for transacting the annual exchanges of twenty shillings value and upwards usually transacted within that country. Should the circulating paper at any time exceed that sum, as the excess could neither be sent abroad nor be employed in the circulation of the country, it must immediately return upon the banks to be exchanged for gold and silver. Many people would immediately perceive that they had more of this paper than was necessary for transacting their business at home, and as they could not send it abroad, they would immediately demand payment of it from the banks. When this superfluous paper was converted into gold and silver, they could easily find a use for it by sending it abroad; but they could find none while it remained in the shape of paper. There would be a run upon the banks to the whole extent of this superfluous paper, and, if they showed any difficulty or backwardness in payment, to a much greater extent, the alarm which this would occasion, necessarily increasing the run upon the banks.

Over and above the expenses which are common to every branch of trade, such as the expense of house-rent, the wages of servants, clerks, accountants, &c., the expenses peculiar to a bank consist chiefly in two articles first, in the expense of keeping at all times in its coffers, for answering the occasional demands of the holders of its notes, a large sum of money, of which it loses the interest, and, secondly, in the expense of replenishing those coffers as fast as they are emptied by answering such occasional demands. A banking company which issues more paper than can be employed in the circulation of the country, and of which the excess is continually returning upon them for payment, ought to increase the quantity of gold and silver which they keep at all times in their coffers, not only in proportion to this excessive increase of their circulation, but in a much greater proportion, their notes returning upon them much faster than in proportion to the excess of their quantity. Such a company, therefore, ought to increase the first article of their expense, not only in proportion to this forced increase of their business, but in a much greater proportion.

The coffers of such a company, too, though they ought to be filled much fuller, yet must empty themselves much faster than if their business was confined within more reasonable bounds, and must require, not only a more violent, but a more constant and uninterrupted exertion of expense in order to replenish them. The coin, too, which is thus continually drawn in such large quantities from their coffers, cannot be employed in the circulation of the country. It comes in place of a paper which is over and above what can be employed in that circulation, and is therefore over and above what can be employed in it too. But as that coin will not be allowed to lie idle, it must, in one shape or another, be

sent abroad, in order to find that profitable employment which it cannot find at home, and this continual exportation of gold and silver, by enhancing the difficulty, must necessarily enhance still further the expense of the bank, in finding new gold and silver in order to replenish those coffers, which empty themselves so very rapidly. Such a company, therefore, must, in proportion to this forced increase of their business, increase the second article of their expense still more than the first.

Let us suppose that all the paper of a particular bank, which the circulation of the country can easily absorb and employ, amounts exactly to £40,000, and that for answering occasional demands this bank is obliged to keep at all times in its coffers £10,000 in gold and silver. Should this bank attempt to circulate £44,000, the £4,000 which are over and above what the circulation can easily absorb and employ, will return upon it almost as fast as they are issued. For answering occasional demands, therefore, this bank ought to keep at all times in its coffers, not £11,000 only, but £14,000. It will thus gain nothing by the interest of the £4,000 excessive circulation, and it will lose the whole expense of continually collecting £4,000 in gold and silver, which will be continually going out of its coffers as fast as they are brought into them.

Had every particular banking company always understood and attended to its own particular interest, the circulation never could have been overstocked with paper money. But every banking company has not always understood its own particular interest, and the circulation has frequently been overstocked with paper money.

By issuing too great a quantity of paper, of which the excess was continually returning in order to be exchanged for gold and silver, the Bank of England was for many years together obliged to coin gold to the extent of between £800,000 and £1,000,000 a year, or at an average, about £850,000. For this great coinage the bank (in consequence of the worn and degraded state into which the gold coin had fallen a few years ago) was frequently obliged to purchase gold bullion at the high price of £4 an ounce, which it soon after issued in coin at £3 17s 10½d an ounce, losing in this manner between two and a half and three per cent upon the coinage of so very large a sum. Though the bank therefore paid no seignorage, though the government was properly at the expense of the coinage, this liberality of government did not prevent altogether the expense of the bank.

The Scotch banks, in consequence of an excess of the same kind, were all obliged to employ constantly agents at London to collect money for them, at an expense which was seldom below one and a half or two per cent. This money was sent down by

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Over and above the expenses which are common to every branch of trade, such as the expense of house-rent, the wages of servants, clerks, accountants, etc., the expenses peculiar to a bank consist chiefly in two articles first, in the expense of keeping at all times in its coffers, for answering the occasional demands of the holders of its notes, a large sum of money, of which it loses the interest; and, secondly, in the expense of replenishing those coffers as fast as they are emptied by answering such occasional demands. A banking company which issues more paper than can be employed in the circulation of the country, and of which the excess is continually returning upon them for payment, ought to increase the quantity of gold and silver which they keep at all times in their coffers, not only in proportion to this excessive increase of their circulation, but in a much greater proportion, their notes returning upon them much faster than in proportion to the excess of their quantity. Such a company, therefore, ought to increase the first article of their expense, not only in proportion to this forced increase of their business, but in a much greater proportion.

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II By this attention they secured themselves from the possibility of issuing more paper money than what the circulation of the country could easily absorb and employ When they observed that within moderate periods of time the repayments of a particular customer were upon most occasions fully equal to the advances which they had made to him, they might be assured that the paper money which they had advanced to him, had not at any time exceeded the quantity of gold and silver which he would otherwise have been obliged to keep by him for answering occasional demands, and that, consequently, the paper money which they had circulated by his means, had not at any time exceeded the quantity of gold and silver which would have circulated in the country had there been no paper money The frequency, regularity and amount of his repayments would sufficiently demonstrate that the amount of their advances had at no time exceeded that part of his capital which he would otherwise have been obliged to keep by him unemployed and in ready money for answering occasional demands, that is, for the purpose of keeping the rest of his capital in constant employment It is this part of his capital only which, within moderate periods of time, is continually returning to every dealer in the shape of money, whether paper or coin, and continually going from him in the same shape If the advances of the bank had commonly exceeded this part of his capital, the ordinary amount of his repayments could not, within moderate periods of time, have equalled the ordinary amount of its advances The stream which, by means of his dealings, was continually running into the coffers of the bank, could not have been equal to the stream which, by means of the same dealings, was continually running out The advances of the bank paper, by exceeding the quantity of gold and silver which, had there been no such advances, he would have been obliged to keep by him for answering occasional demands, might soon come to exceed the whole quantity of gold and silver which (the commerce being supposed the same) would have circulated in the country had there been no paper money, and consequently to exceed the quantity which the circulation of the country could easily absorb and employ, and the excess of this paper money would immediately have returned upon the bank in order to be exchanged for gold and silver This second advantage, though equally real, was not perhaps so well understood by all the different banking companies of Scotland as the first.

When, partly by the conveniency of discounting bills, and partly by that of cash accounts, the creditable traders of any country can be dispensed from the necessity of keeping any part of their stock by them unemployed and in ready money for answering occasional demands, they can reasonably expect no farther assistance from banks and bankers, who, when they have

The customs of merchants, which were established when the barbarous laws of Europe did not enforce the performance of their contracts, and which during the course of the two last centuries have been adopted into the laws of all European nations, have given such extraordinary privileges to bills of exchange, that money is more readily advanced upon them, than upon any other species of obligation, especially when they are made payable within so short a period as two or three months after their date. If, when the bill becomes due, the acceptor does not pay it as soon as it is presented, he becomes from that moment a bankrupt. The bill is protested, and returns upon the drawer, who, if he does not immediately pay it, becomes likewise a bankrupt. If, before it came to the person who presents it to the acceptor for payment, it had passed through the hands of several other persons, who had successively advanced to one another the contents of it, either in money or goods, and who to express that each of them had in his turn received those contents, had all of them in their order endorsed, that is, written their names upon the back of the bill, each endorser becomes in his turn liable to the owner of the bill for those contents, and if he fails to pay, becomes from that moment a bankrupt. Though the drawer, acceptor, and endorsers of the bill should, all of them, be persons of doubtful credit, yet still the shortness of the date gives some security to the owner of the bill. Though all of them may be very likely to become bankrupts, it is a chance if all become so in so short a time. 'The house is 'crazy,' says a weary traveller to himself, 'and will not stand very 'long, but it is a chance if it falls to-night, and I will venture, 'therefore, to sleep in it to-night.'

Trader A in Edinburgh, we shall suppose, draws a bill upon B in London, payable two months after date. In reality B in London owes nothing to A in Edinburgh, but he agrees to accept of A's bill, upon condition that before the term of payment he shall re-draw upon A in Edinburgh for the same sum, together with the interest and a commission, another bill, payable likewise two months after date. B accordingly, before the expiration of the two months, re-draws this bill upon A in Edinburgh, who again, before the expiration of the second two months, draws a second bill upon B in London, payable likewise two months after date, and before the expiration of the third two months, B in London re-draws upon A in Edinburgh another bill, payable also two months after date. This practice has sometimes gone on, not only for several months, but for several years together, the bill always returning upon A in Edinburgh, with the accumulated interest and commission of all the former bills. The interest was five per cent. in the year, and the commission was never less than one-half per cent. on each draught. This commission being repeated more

than six times in the year, whatever money A might raise by this expedient must necessarily have cost him something more than eight percent in the year, and sometimes a great deal more, when either the price of the commission happened to rise, or when he was obliged to pay compound interest upon the interest and commission of former bills. This practice was called raising money by circulation

In a country where the ordinary profits of stock in the greater part of mercantile projects are supposed to run between six and ten per cent, it must have been a very fortunate speculation of which the returns could not only repay the enormous expense at which the money was thus borrowed for carrying it on, but afford, besides, a good surplus profit to the projector. Many vast and extensive projects, however, were undertaken, and for several years carried on without any other fund to support them besides what was raised at this enormous expense. The projectors, no doubt, had in their golden dreams the most distinct vision of this great profit. Upon their awaking, however, either at the end of their projects, or when they were no longer able to carry them on, they very seldom, I believe, had the good fortune to find their dreams realized *

* The method described in the text was by no means either the most common or the most expensive one in which those adventurers sometimes raised money by circulation. It frequently happened that A in Edinburgh would enable B in London to pay the first bill of exchange by drawing, a few days before it became due, a second bill at three months' date upon the same B in London. This bill, being payable to his own order, A sold in Edinburgh at par, and with its contents purchased bills upon London, payable at sight to the order of B, to whom he sent them by the post. Towards the end of the late war, the exchange between Edinburgh and London was frequently three per cent against Edinburgh, and those bills at sight must frequently have cost A that premium. This transaction, therefore, being repeated at least four times in the year, and being loaded with a commission of at least one half per cent upon each repetition, must at that period have cost A at least fourteen per cent in the year. At other times A would enable B to discharge the first bill of exchange by drawing, a few days before it became due, a second bill at two months' date, not upon B, but upon some third person, C, for example, in London. This other bill was made payable to the order of B, who, upon its being accepted by C, discounted it with some banker in London, and A enabled C to discharge it by drawing, a few days before it became due, a third bill likewise at two months' date, sometimes upon his first correspondent B, and sometimes upon some fourth or fifth person, D or E, for example. This third bill was made payable to the order of C, who, as soon as it was accepted, discounted it in the same manner with some banker in London. Such operations being repeated at least six times in the year, and being loaded with a commission of at least one half per cent upon each repetition, together with the legal interest of five per cent, this method of raising money, in the same manner as that described in the text, must have cost A something more than eight per cent. By saving the exchange between Edinburgh and London, it was less expensive than that mentioned in the foregoing part of this note, but it required an established credit with more houses than one in London, an advantage which many of these adventurers could not always find it easy to procure.

and subscriptions to £10,780,000 The state of those two sums has continued to be the same ever since. In pursuance of the 4th of George III. c. 25, the bank agreed to pay to government for the renewal of its charter £110,000 without interest or repayment. This sum, therefore, did not increase either of those two other sums

The dividend of the bank has varied according to the variations in the rate of the interest which it has, at different times, received for the money it had advanced to the public, as well as according to other circumstances. This rate of interest has gradually been reduced from eight to three per cent. For some years past the bank dividend has been at five and a-half per cent

The stability of the bank of England is equal to that of the British government. All that it has advanced to the public must be lost before its creditors can sustain any loss. No other banking company in England can be established by act of parliament, or can consist of more than six members. It acts, not only as an ordinary bank, but as a great engine of state. It receives and pays the greater part of the annuities which are due to the creditors of the public, it circulates exchequer bills, and it advances to government the annual amount of the land and malt taxes, which are frequently not paid up till some years thereafter. In those different operations, its duty to the public may sometimes have obliged it without any fault of its directors, to overstock the circulation with paper money. It likewise discounts merchants' bills, and has, upon several different occasions, supported the credit of the principal houses, not only of England, but of Hamburg and Holland. Upon one occasion, in 1763, it is said to have advanced for this purpose, in one week, about £1,600,000, a great part of it in bullion. I do not, however, pretend to warrant either the greatness of the sum or the shortness of the time. Upon other occasions, this great company has been reduced to the necessity of paying in sixpences.

It is not by augmenting the capital of the country, but by rendering a greater part of that capital active and productive than would otherwise be so, that the most judicious operations of banking can increase the industry of the country. That part of his capital which a dealer is obliged to keep by him unemployed, and in ready money, for answering occasional demands, is so much dead stock, which, so long as it remains in this situation, produces nothing either to him or to his country. The judicious operations of banking enable him to convert this dead stock into active and productive stock, into materials to work upon, into tools to work with, and into provisions and subsistence to work for, into stock which produces something both to himself and to his country. The gold and silver money which circulates in any country, and by means of which the produce of its land and labour is annually cir-

currency was turned into paper, it was seldom much more than thirty per cent below that value. The present for taring the denomination of the coin, was to prevent the exportation of gold and silver, by making equal quantities of those metals pass for greater sums in the colony than they did in the mother country. It was found that the price of all goods from the mother country rose in proportion as they raised the denomination of the colonial coin, so that their gold and silver were exported as fast as ever.

The paper of each colony being received in the payment of the provincial taxes, for the full value for which it had been issued, it necessarily derived from this use some additional value, over and above what it would have had, from the real or supposed distance of the term of its final discharge and redemption. The additional value was greater or less, according as the quantity of paper issued was more or less above what could be employed in the payment of the taxes of the particular colony which issued it. It was in all the colonies very much above what could be employed in this manner.

A prince, who should enact that a certain proportion of his taxes should be paid in a paper money of a certain kind, might thereby give a certain value to this paper money, even though the term of its final discharge and redemption should depend altogether upon the will of the prince. If the bank which issued this paper was careful to keep the quantity of it always somewhat below what could easily be employed in this manner, the demand for it might be such as to make it even bear a premium, or sell for somewhat more in the market than the quantity of gold and silver currency for which it was issued. Some people account in this manner for what is called the Agio of the Bank of Amsterdam, or for the superiority of bank money over current money, though this bank money, as they pretend, cannot be taken out of the bank at the will of the owner. The greater part of foreign bills of exchange must be paid in bank money, that is, by a transfer in the books of the bank, and the directors of the bank, they allege, are careful to keep the whole quantity of bank money always below what this use occasions a demand for. It is upon this account, they say, that bank money sells for a premium, or bears an agio of four or five percent above the same nominal sum of the gold and silver currency of the country. This account of the Bank of Amsterdam, however, it will appear hereafter, is in a great measure chimerical.

A paper currency which falls below the value of gold and silver coin, does not thereby sink the value of those metals, or occasion equal quantities of them to exchange for a smaller quantity of goods of any other kind. The proportion between the value of gold and silver and that of goods of any other kind, depends, in all cases, not upon the nature or quantity of any particular paper money which may be current in any particular country, but upon

the richness or poverty of the mines which happen at any particular time to supply the great market of the commercial world with those metals. It depends upon the proportion between the quantity of labour which is necessary in order to bring a certain quantity of gold and silver to market, and that which may be necessary in order to bring thither a certain quantity of any other sort of goods.

If bankers are restrained from issuing any circulating bank notes, or notes payable to the bearer, for less than a certain sum, and if they are subjected to the obligation of an immediate and unconditional payment of such bank notes as soon as presented, their trade may, with safety to the public, be rendered in all other respects perfectly free. The late multiplication of banking companies in both parts of the United Kingdom, an event by which many people have been much alarmed, instead of diminishing, increases the security of the public. It obliges all of them to be more circumspect in their conduct, and, by not extending their currency beyond its due proportion to their cash, to guard themselves against those malicious runs, which the rivalship of so many competitors is always ready to bring upon them. It restrains the circulation of each particular company within a narrower circle, and reduces their circulating notes to a smaller number. By dividing the whole circulation into a greater number of parts, the failure of any one company, an accident which, in the course of things, must sometimes happen, becomes of less consequence to the public. This free competition, too, obliges all bankers to be more liberal in their dealings with their customers, lest their rivals should carry them away. In general, if any breach of trade, or any division of labour, be advantageous to the public, the freer and more general the competition, it will always be the more so.

CHAP III.—*Of the Accumulation of Capital, or of productive and unproductive Labour*.—There is one sort of labour which adds to the value of the subject upon which it is bestowed; there is another which has no such effect. The former, as it produces a value, may be called productive, the latter, unproductive* labour. Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expense, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labour is bestowed. But the maintenance of a menial

* Some French authors of learning and ingenuity have used those words in a different sense. In the last chapter of Book IV, I shall endeavour to show that their sense is an improper one.

crease of capital. Industry, indeed, provides the subject which parsimony accumulates. But whatever industry might acquire, if parsimony did not save and store up, the capital would never be the greater. Parsimony, by increasing the fund which is destined for the maintenance of productive hands, tends to increase the number of those hands whose labour adds to the value of the subject upon which it is bestowed. It tends therefore to increase the exchangeable value of the annual produce of the land and labour of the country. It puts into motion an additional quantity of industry, which gives an additional value to the annual produce.

What is annually saved is as regularly consumed as what is annually spent, and nearly in the same time, too, but it is consumed by a different set of people. That portion of his revenue which a rich man annually spends, is in most cases consumed by idle guests and menial servants, who leave nothing behind them in return for their consumption. That portion which he annually saves, as for the sake of the profit it is immediately employed as a capital, is consumed in the same manner, and nearly in the same time, too, but by a different set of people, by labourers, manufacturers, and artificers, who reproduce with a profit the value of their annual consumption. His revenue, we shall suppose, is paid him in money. Had he spent the whole, the food, clothing, lodging, which the whole could have purchased, would have been distributed among the former set of people. By saving a part of it, as that part is for the sake of the profit immediately employed as a capital, either by himself or by some other person, the food, clothing, and lodging, which may be purchased with it, are reserved for the latter. The consumption is the same, but the consumers are different.

By what a frugal man annually saves, he not only affords maintenance to an additional number of productive hands, for that or the ensuing year, but, like the founder of a public workhouse, he establishes, as it were, a perpetual fund for the maintenance of an equal number in all times to come. The perpetual allotment and destination of this fund, indeed, is not always guarded by any positive law, by any trust-right or deed of mortmain. It is always guarded, however, by a very powerful principle, the plain and evident interest of every individual to whom any share of it shall ever belong. No part of it can ever afterwards be employed to maintain any but productive hands, without an evident loss to the person who thus perverts it from its proper destination.

The prodigal perverts it in this manner. By not confining his expense within his income, he encroaches upon his capital. Like him who perverts the revenues of some pious foundation to profane purposes, he pays the wages of idleness with those funds which the frugality of his forefathers had, as it were, consecrated.

to the maintenance of industry. By diminishing the funds destined for the employment of productive labour, he necessarily diminishes, so far as it depends upon him, the quantity of that labour which adds a value to the subject upon which it is bestowed, and, consequently, the value of the annual produce of the land and labour of the whole country, the real wealth and revenue of its inhabitants. If the prodigality of some was not compensated by the frugality of others, the conduct of every prodigal, by feeding the idle with the bread of the industrious, tends not only to beggar himself, but to impoverish his country.

Though the expense of the prodigal should be altogether in home-made, and no part of it in foreign commodities, its effect upon the productive funds of the society would still be the same. Every year there would still be a certain quantity of food and clothing which ought to have maintained productive, employed in maintaining unproductive hands. Every year, therefore, there would still be some diminution in what would otherwise have been the value of the annual produce of the land and labour of the country. This expense, it may be said indeed, not being in foreign goods, and not occasioning any exportation of gold and silver, the same quantity of money would remain in the country as before. But if the quantity of food and clothing, which were thus consumed by unproductive, had been distributed among productive hands, they would have reproduced, together with a profit, the full value of their consumption. The same quantity of money would equally have remained in the country, and there would besides have been a reproduction of an equal value of consumable goods. There would have been two values instead of one.

The same quantity of money besides, cannot long remain in any country in which the value of the annual produce diminishes. The sole use of money is to circulate consumable goods. By means of it, provisions, materials, and finished work, are bought and sold, and distributed to their proper consumers. The quantity of money, therefore, which can be annually employed in any country must be determined by the value of the consumable goods annually circulated within it. These must consist either in the immediate produce of the land and labour of the country itself, or in something which had been purchased with some part of that produce. Their value, therefore, must diminish as the value of that produce diminishes, and along with it the quantity of money which can be employed in circulating them. But the money which by this annual diminution of produce is annually thrown out of domestic circulation, will not be allowed to lie idle. The interest of whoever possesses it, requires that it should be employed. But having no employment at home, it will, in spite of all laws and prohibitions, be sent abroad and employed in pur-

the latter would remain, and the effects of ten or twenty years' profusion would be as completely annihilated as if they had never existed

As the one mode of expense is more favourable than the other to the opulence of an individual, so is it likewise to that of a nation. The houses, the furniture, the clothing of the rich, in a little time become useful to the inferior and middling ranks of people. They are able to purchase them when their superiors grow weary of them, and the general accommodation of the whole people is thus gradually improved, when this mode of expense becomes universal among men of fortune. In countries which have long been rich, you will frequently find the inferior ranks of people in possession both of houses and furniture perfectly good and entire, but of which neither the one could have been built, nor the other have been made for their use. What was formerly a seat of the family of Seymour, is now an inn upon the Bath road. The marriage bed of James the First of Great Britain, which his queen brought with her from Denmark, as a present fit for a sovereign to make to a sovereign, was, a few years ago, the ornament of an alehouse at Dunfermline. In some ancient cities, which either have been long stationary, or have gone somewhat to decay, you will sometimes scarce find a single house which could have been built for its present inhabitants. If you go into those houses, too, you will frequently find many excellent, though antiquated pieces of furniture, which are still very fit for use, and which could as little have been made for them. Noble palaces, magnificent villas, great collections of books, statues, pictures, and other curiosities, are frequently both an ornament and an honour, not only to the neighbourhood, but to the whole country to which they belong. Versailles is an ornament and an honour to France, Stowe and Wilton to England. Italy still continues to command some sort of veneration by the number of monuments of this kind which it possesses, though the wealth which produced them has decayed, and though the genius which planned them seems to be extinguished, perhaps from not having the same employment.

The expense, too, which is laid out in durable commodities, is favourable, not only to accumulation, but to frugality. If a person should at any time exceed in it, he can easily reform without exposing himself to the censure of the public. To reduce very much the number of his servants, to reform his table from great profusion to great frugality, to lay down his equipage after he has once set it up, are changes which cannot escape the observation of his neighbours, and which are supposed to imply some acknowledgment of preceding bad conduct. Few, therefore, of those who have once been so unfortunate as to launch out too far into this sort of expense, have afterwards the courage to reform, till ruin and

bankruptcy oblige them. But if a person has at any time been at too great an expense in building, in furniture, in books or pictures, no imprudence can be inferred from his changing his conduct. These are things in which further expense is frequently rendered unnecessary by former expense, and when a person stops short, he appears to do so, not because he has exceeded his fortune, but because he has satisfied his fancy.

The expense, besides, that is laid out in durable commodities, gives maintenance, commonly, to a greater number of people than that which is employed in the most profuse hospitality. Of two or three hundred weight of provisions, which may sometimes be served up at a great festival, one half, perhaps, is thrown to the dunghill, and there is always a great deal wasted and abused. But if the expense of this entertainment had been employed in setting to work masons, carpenters, upholsterers, mechanics, etc., a quantity of provisions, of equal value, would have been distributed among a still greater number of people, who would have bought them in penny-worths and pound weights, and not have lost or thrown away a single ounce of them. In the one way, besides, this expense maintains productive, in the other unproductive hands. In the one way, therefore, it increases, in the other it does not increase, the exchangeable value of the annual produce of the land and labour of the country.

I would not, however, by all this be understood to mean that the one species of expense always betokens a more liberal or generous spirit than the other. When a man of fortune spends his revenue chiefly in hospitality, he shares the greater part of it with his friends and companions, but when he employs it in purchasing such durable commodities, he often spends the whole upon his own person, and gives nothing to anybody without an equivalent. The latter species of expense, therefore, especially when directed towards frivolous objects, the little ornaments of dress and furniture, jewels, trinkets, gewgaws, frequently indicates not only a trifling, but a base and selfish disposition. All that I mean is, that the one sort of expense, as it always occasions some accumulation of valuable commodities, as it is more favourable to private frugality, and consequently, to the increase of the public capital, and as it maintains productive rather than unproductive hands, conduces more than the other to the growth of public opulence.

CHAP. IV.—*Of Stock lent at Interest*—The stock which is lent at interest is always considered as a capital by the lender. He expects that in due time it is to be restored to him, and that in the meantime the borrower is to pay him a certain annual rent for the use of it. The borrower may use it either as a capital, or as a stock reserved for immediate consumption. If he uses it as a capital, he employs it in the maintenance of productive labourers,

those which were most likely to waste and destroy it. Where the legal rate of interest, on the contrary, is fixed but a very little above the lowest market rate, sober people are universally preferred, as borrowers, to prodigals and projectors. The person who lends money gets nearly as much interest from the former as he dares to take from the latter, and his money is much safer in the hands of the one set of people, than in those of the other. A great part of the capital of the country is thus thrown into the hands in which it is most likely to be employed with advantage.

No law can reduce the common rate of interest below the lowest ordinary market rate at the time when that law was made. Notwithstanding the edict of 1766, by which the French king attempted to reduce the rate of interest from five to four per cent, money continued to be lent in France at five per cent, the law being evaded.

The ordinary market price of land, it is to be observed, depends everywhere upon the ordinary market rate of interest. The person who has a capital from which he wishes to derive a revenue, without taking the trouble to employ it himself, deliberates whether he should buy land with it, or lend it out at interest. The superior security of land, together with some other advantages which almost everywhere attend upon this species of property, will generally dispose him to content himself with a smaller revenue from land, than what he might have by lending out his money at interest. These advantages are sufficient to compensate a certain difference of revenue, but they will compensate a certain difference only, and if the rent of land should fall short of the interest of money by a greater difference, nobody would buy land, which would soon reduce its ordinary price. On the contrary, if the advantages should much more than compensate the difference, everybody would buy land, which again would soon raise its ordinary price. When interest was at ten per cent, land was commonly sold for ten and twelve years' purchase. As interest sunk to six, five and four per cent, the price of land rose to 20, 25, and 30 years' purchase. The market rate of interest is higher in France than in England, and the common price of land is lower. In England it commonly sells at 30, in France at 20 years' purchase.

CHAP V—Of the different Employment of Capitals—Though all capitals are destined for the maintenance of productive labour only, yet the quantity of that labour, which equal capitals are capable of putting into motion, varies extremely according to the diversity of their employment, as does the value which that employment adds to the annual produce of the land and labour of the country.

A capital may be employed in four different ways either, first, in procuring the rude produce annually required for the use and

consumption of the society; or, secondly, in manufacturing and preparing that rude produce for immediate use and consumption; or, thirdly, in transporting either the rude or manufactured produce from the places where they abound to those where they are wanted; or, lastly, in dividing particular portions of either into such small parcels as suit the occasional demands of those who want them. In the first way are employed the capitals of all those who undertake the improvement or cultivation of lands, mines, or fisheries, in the second, those of all master manufacturers, in the third, those of all wholesale merchants, and in the fourth, those of all retailers. It is difficult to conceive that a capital should be employed in any way which may not be classed under some one or other of those four.

Each of those four methods of employing a capital is essentially necessary either to the existence or extension of the other three, or to the general conveniency of the society.

I. Unless a capital was employed in furnishing rude produce to a certain degree of abundance, neither manufactures nor trade of any kind could exist. II. Unless a capital was employed in manufacturing that part of the rude produce which requires a good deal of preparation before it can be fit for use and consumption, it either would never be produced, because there could be no demand for it, or if it was produced spontaneously, it would be of no value in exchange, and could add nothing to the wealth of the society. III. Unless a capital was employed in transporting, either the rude or manufactured produce, from the places where it abounds to those where it is wanted, no more of either could be produced than was necessary for the consumption of the neighbourhood. The capital of the merchant exchanges the surplus produce of one place for that of another, and thus encourages the industry and increases the enjoyments of both. IV. Unless a capital was employed in breaking and dividing certain portions either of the rude or manufactured produce, into such small parcels as suit the occasional demands of those who want them, every man would be obliged to purchase a greater quantity of the goods he wanted than his immediate occasions required. If there was no such trade as a butcher, for example, every man would be obliged to purchase a whole ox or a whole sheep at a time. This would generally be inconvenient to the rich, and much more so to the poor. If a poor workman was obliged to purchase a month's or six months' provisions at a time, a great part of the stock which he employs as a capital in the instruments of his trade, or in the furniture of his shop, and which yields him a revenue, he would be forced to place in that part of his stock which is reserved for immediate consumption, and which yields him no revenue. Nothing can be more convenient for such a person than to be

The capital which is employed in purchasing in one part of the country in order to sell in another the produce of the industry of that country, generally replaces by every such operation two distinct capitals that had both been employed in the agriculture or manufactures of that country, and thereby enables them to continue that employment. When it sends out from the residence of the merchant a certain value of commodities, it generally brings back in return at least an equal value of other commodities. When both are the produce of domestic industry, it necessarily replaces by every such operation two distinct capitals, which had both been employed supporting productive labour, and thereby enables them to continue their support. The capital which sends Scotch manufactures to London, and brings back English corn and manufactures to Edinburgh, necessarily replaces, by every such operation, two British capitals which had both been employed in the agriculture or manufactures of Great Britain.

The capital employed in purchasing foreign goods for home consumption, when this purchase is made with the produce of domestic industry, replaces, too, by every such operation, two distinct capitals but one of them is only employed in supporting domestic industry. The capital which sends British goods to Portugal, and brings back Portuguese goods to Great Britain, replaces by such operation only one British capital. The other is a Portuguese one. Though the returns of the foreign trade of consumption should be as quick as those of the home trade, the capital employed in it will give but one-half the encouragement to the industry or productive labour of the country.

But the returns of the foreign trade of consumption are very seldom so quick as those of the home trade. The returns of the home trade generally come in before the end of the year, and sometimes three or four times in the year. The returns of the foreign trade of consumption seldom come in before the end of the year, and sometimes not till after two or three years. A capital, therefore, employed in the home trade will sometimes make twelve operations, or be sent out and returned twelve times, before a capital employed in the foreign trade of consumption has made one. If the capitals are equal, therefore, the one will give four and twenty times more encouragement and support to the industry of the country than the other.

The foreign goods for home consumption may sometimes be purchased, not with the produce of domestic industry, but with some other foreign goods. These last, however, must have been purchased either immediately with the produce of domestic industry, or with something else that had been purchased with it, for, the case of war and conquest excepted, foreign goods can never be acquired, but in exchange for something that had been

produced at home either immediately, or after two or more different exchanges. The effects, therefore, of a capital employed in such a round-about foreign trade of consumption are, in every respect, the same as those of one employed in the most direct trade of the same kind, except that the final returns are likely to be still more distant, as they must depend upon the returns of two or three distinct foreign trades. If the flax and hemp of Riga are purchased with the tobacco of Virginia, which had been purchased with British manufactures, the merchant must wait for the returns of two distinct foreign trades before he can employ the same capital in repurchasing a like quantity of British manufactures. If the tobacco of Virginia had been purchased, not with British manufactures, but with the sugar and rum of Jamaica, which had been purchased with those manufactures, he must wait for the returns of three. If those two or three distinct foreign trades should happen to be carried on by two or three distinct merchants, of whom the second buys the goods imported by the first, and the third buys those imported by the second, in order to export them again, each merchant indeed will in this case receive the returns of his own capital more quickly, but the final returns of the whole capital employed in the trade will be just as slow as ever. Whether the whole capital employed in such a round-about trade belong to one merchant or to three, can make no difference with regard to the country, though it may with regard to the particular merchants. Three times a greater capital must in both cases be employed, in order to exchange a certain value of British manufactures for a certain quantity of flax and hemp, than would have been necessary, had the manufactures and the flax and hemp been directly exchanged for one another. The whole capital employed, therefore, in such a round-about foreign trade of consumption, will generally give less encouragement and support to the productive labour of the country, than equal capital employed in more direct trade of the same kind.

Whatever be the foreign commodity with which the foreign goods for home-consumption are purchased, it can occasion no essential difference either in the nature of the trade, or in the encouragement and support which it can give to the productive labour of the country from which it is carried on. If they are purchased with the gold of Brazil, for example, or with the silver of Peru, this gold and silver, like the tobacco of Virginia, must have been purchased with something that either was the produce of the industry of the country, or that had been purchased with something else that was so. So far, therefore, as the productive labour of the country is concerned, the foreign trade of consumption which is carried on by means of gold and silver, has all the advantages and all the inconveniences of any other equally round-about foreign trade of con-

of human affairs can admit of. The beauty of the country, besides, the pleasures of a country life, the tranquility of mind which it promises, and wherever the injustice of human laws does not disturb it, the independency which it really affords, have charms that more or less attract everybody, and as to cultivate the ground was the original destination of man, so in every stage of his existence he seems to retain a predilection for this primitive employment.

Without the assistance of some artificers, indeed, the cultivation of land cannot be carried on, but with great inconveniences and continual interruption. Smiths, carpenters, wheelwrights, and ploughwrights, masons, and brick layers, tanners, shoemakers, and tailors, are people whose service the farmer has frequently occasion for. Such artificers, too, stand occasionally in need of the assistance of one another, and as their residence is not, like that of the farmer, necessarily tied down to a precise spot, they naturally settle in the neighbourhood of one another and thus form a small town or village. The butcher, the brewer, and the baker soon join them, together with many other artificers and retailers, necessary or useful for supplying their occasional wants, and who contribute still further to augment the town. The inhabitants of the town and those of the country are mutually the servants of one another. The town is a continual fair or market, to which the inhabitants of a country resort in order to exchange their rude for manufactured produce. It is this commerce which supplies the inhabitants of the town both with the materials of their work, and the means of their subsistence. The quantity of the finished work which they sell to the inhabitants of the country necessarily regulates the quantity of their materials and provisions which they buy. Neither their employment nor subsistence can augment, but in proportion to the augmentation of the demand from the country for finished work, and this demand can augment only in proportion to the extension of improvement and cultivation. Had human institutions never disturbed the natural course of things, the progressive wealth and increase of the towns would, in every political society, be consequential, and in proportion to the improvement and cultivation of the territory or of the country.

In our North American colonies, where uncultivated land is still to be had upon easy terms, no manufactures for distant sale have ever yet been established in any of their towns. When an artificer has acquired a little more stock than is necessary for carrying on his own business in supplying the neighbouring country, he does not, in North America, attempt to establish with it a manufacture for more distant sale, but employs it in the purchase and improvement of uncultivated land. From artificer he becomes planter, and neither the large wages nor the easy subsistence which the country affords to artificers, can bribe him rather to work for

other people than for himself. He feels that an artificer is the servant of his customers, from whom he derives his subsistence, but that a planter who cultivates his own land, and derives his necessary subsistence from the labour of his own family, is really a master, and independent of all the world

In countries, on the contrary, where there is either no uncultivated land, or none that can be had upon easy terms, every artificer who has acquired more stock than he can employ in the occasional jobs of the neighbourhood, endeavours to prepare work for more distant sale. The smith erects some sort of iron, the weaver some sort of linen or woollen manufactory. Those different manufactures come, in process of time, to be gradually subdivided, and thereby improved and refined in a great variety of ways which may easily be conceived, and which it is therefore unnecessary to explain any further.

In seeking for employment to a capital, manufactures are, upon equal, or nearly equal profits, naturally preferred to foreign commerce, for the same reason that agriculture is naturally preferred to manufactures. As the capital of the landlord or farmer is more secure than that of the manufacturer, so the capital of the manufacturer, being at all times more within his view and command, is more secure than that of the foreign merchant. In every period, indeed, of every society, the surplus part both of the rude and manufactured produce, or that for which there is no demand at home, must be sent abroad, in order to be exchanged for something for which there is some demand at home. But whether the capital, which carries this surplus produce abroad be a foreign or a domestic one, is of very little importance. If the society has not acquired sufficient capital both to cultivate all its lands, and to manufacture, in the completest manner, the whole of its rude produce, there is even a considerable advantage that that rude produce should be exported by a foreign capital, in order that the whole stock of the society may be employed in more useful purposes. The wealth of ancient Egypt, that of China and Hindostan, sufficiently demonstrate that a nation may attain a very high degree of opulence, though the greater part of its exportation trade be carried on by foreigners. The progress of our North American and West Indian colonies would have been much less rapid, had no capital but what belonged to themselves been employed in exporting their surplus produce.

According to the natural course of things, the greater part of the capital of every growing society is, first, directed to agriculture, afterwards to manufactures, and last of all to foreign commerce. This order of things is very natural, that in every society that had any territory, it has always, I believe, been in some degree, observed. Some of their lands must have been cultivated before any

could never be his interest to mix any part of his own with it. In France, where five parts out of six of the whole kingdom are said to be still occupied by this species of cultivator, the proprietors complain that their masters take every opportunity of employing the master's cattle rather in carriage than in cultivation, because in the one case they get the whole profits to themselves, in the other they share them with their landlord. This species of tenantry still subsists in some parts of Scotland. They are called *feudal* *tenants*. Those ancient English tenants, who are said by Chief Baron Gilbert and Dr. Blackstone to have been rather brutes of the landlord than farmers properly so called, were probably of the same kind.

To this species of tenancy succeeded, though by very slow degrees, farmers properly so called who cultivated the land with their own stock, paying a certain rent to the landlord. When such farmers have a lease for a term of years, they may sometimes find it for their interest to lay out part of their capital in the further improvement of the farm, because they may sometimes expect to recover it, with a large profit, before the expiration of the lease. The possession even of such farmers, however, was long extremely precarious, and still is so in many parts of Europe. They could before the expiration of their term be legally ousted of their lease by a new purchaser, in England, even by the fictitious action of a common recovery. If they were turned out illegally by the violence of their master, the action by which they obtained redress was extremely imperfect. It did not always reinstate them in the possession of the land, but gave them damages which never amounted to the real loss. Even in England, the country perhaps of Europe where the yeomanry has always been most respected, it was not till about the 14th of Henry VII. that the action of ejection was invented, by which the tenant recovers, not damages only, but possession, and in which his claim is not necessarily concluded by the uncertain decision of a single assize. This action has been found so effectual a remedy that, in the modern practice, when the landlord has occasion to sue for the possession of the land, he seldom makes use of the actions which properly belong to him as landlord, the writ of right or the writ of entry, but sues in the name of his tenant, by the writ of ejection. In England, therefore, the security of the tenant is equal to that of the proprietor. In England, besides, a lease for life of forty shillings a year value is a freehold, and entitles the lessee to vote for a member of parliament, and as a great part of the yeomanry have freeholds of this kind, the whole order becomes respectable to their landlords on account of the political consideration which this gives them. There is, I believe, nowhere in Europe, except in England, any instance of the tenant building upon the land of

which he had no lease, and trusting that the honour of his land lord would take no advantage of so important an improvement Those laws and customs so favourable to the yeomanry, have perhaps contributed more to the present grandeur of England than all their boasted regulations of commerce

The law which secures the longest leases against successors of every kind is, so far as I know, peculiar to Great Britain It was introduced into Scotland so early as 1449, by a law of James II Its beneficial influence, however, has been much obstructed by entails, the heirs of entail being generally restrained from letting leases for any long term of years, frequently for more than one year A late act of parliament has, in this respect, somewhat slackened their fetters, though they are still by much too strait In Scotland, besides, as no leasehold gives a vote for a member of parliament, the yeomanry are upon this account less respectable to their landlords than in England

In other parts of Europe, after it was found convenient to secure tenants both against heirs and purchasers, the term of their security was still limited to a very short period, in France, for example, to nine years from the commencement of the lease It has in that country, indeed, been lately extended to twenty-seven, a period still too short to encourage the tenant to make the most important improvements The proprietors of land were anciently the legislators of every part of Europe The laws relating to land were all calculated for what they supposed the interest of the proprietor It was for his interest, they had imagined, that no lease granted by any of his predecessors should hinder him from enjoying, during a long term of years, the full value of his land Avarice and injustice are always shortsighted, and they did not foresee how much this regulation must obstruct improvement, and hurt in the long run the real interest of the landlord

The farmers, too, besides paying the rent, were anciently, it was supposed, bound to perform a great number of services to the landlord, which were seldom either specified in the lease, or regulated by any precise rule, but by the use and wont of the manor or barony These services being almost entirely arbitrary, subjected the tenant to many vexations In Scotland the abolition of all services, not precisely stipulated in the lease, has in the course of a few years very much altered for the better the condition of the yeomanry of that country

The public services to which the yeomanry were bound, were not less arbitrary than the private ones To make and maintain the high roads, a servitude which still subsists, I believe, everywhere, though with different degrees of oppression in different countries, was not the only one When the king's troops, when his household or his officers of any kind passed through any part of

the country, the yeomanry were bound to provide them with horses, carriages, and provisions, at a price regulated by the purveyor or Great Britain is, I believe, the only monarchy in Europe where the oppression of purveyance has been entirely abolished. It still subsists in France and Germany.

The public taxes to which they were subject were as irregular and oppressive as the services. The ancient lords, though extremely unwilling to grant themselves any pecuniary aid to their sovereign, easily allowed him to tallage, as they called it, their tenants, and had not knowledge enough to foresee how much this must in the end affect their own revenue. The taille, as it still subsists in France, may serve as an example of those ancient tallages. It is a tax upon the supposed profits of the farmer, which they estimate by the stock he has upon the farm. It is his interest to appear to have as little as possible, and consequently to employ as little as possible in its cultivation, and none in its improvement. Should any stock happen to accumulate in the hands of a French farmer, the taille is almost equal to a prohibition of its ever being employed upon the land. This tax besides is supposed to dishonour whoever is subject to it, and to degrade him below, not only the rank of a gentleman, but that of a burgher, and whoever rents the lands of another becomes subject to it. No gentleman, nor even any burgher who has stock, will submit to this degradation. This tax, not only hinders the stock which accumulates upon the land from being employed in its improvement, but drives away all other stock from it. The ancient tenths and fifteenths, so usual in England in former times, seem, so far as they affected the land, to have been taxes of the same nature with the taille, but were abolished at the Revolution.

Under all these discouragements, little improvement could be expected from the occupiers of land. That order of people, with all the liberty and security which law can give, must always improve under great disadvantages. The farmer compared with the proprietor, is as a merchant who trades with borrowed money compared with one who trades with his own. The stock of both may improve, but that of the one, with only equal good conduct, must always improve more slowly than that of the other, on account of the large share of profits which is consumed by the interest of the loan. The lands cultivated by the farmer must, in the same manner, with only equal good conduct, be improved more slowly than those cultivated by the proprietor, on account of the large share of the produce which is consumed in the rent, and which, had the farmer been proprietor, he might have employed in the further improvement of the land. The station of a farmer besides is, from the nature of things, inferior to that of a proprietor. Through the greater part of Europe the yeomanry are regarded as an inferior

rank of people, even to the better sort of tradesmen and mechanics, and in all parts of Europe to the great merchants and master manufacturers. It can seldom happen that a man of any considerable stock should quit the superior, in order to place himself in an inferior station. Even in the present state of Europe, little stock is likely to go from any other profession to the improvement of land in the way of farming. More does perhaps in Great Britain than in any other country, though even there the great stocks which are, in some places, employed in farming, have generally been acquired by farming, the trade, perhaps, in which, of all others, stock is commonly acquired most slowly. After small proprietors, however, rich and great farmers are, in every country, the principal improvers. There are more such perhaps in England than in any other European monarchy. In the republican governments of Holland, and of Berne, in Switzerland, the farmers are not inferior to those in England.

The ancient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer, first, by the general prohibition of the exportation of corn without a special licence, which seems to have been a very universal regulation, and secondly, by the restraints which were laid upon the inland commerce, not only of corn, but of almost every other part of the produce of the farm, by the absurd laws against engrossers, regraters, and forestallers, and by the privileges of fairs and markets. It has already been observed in what manner the prohibition of the exportation of corn, together with some encouragement given to the importation of foreign corn, obstructed the cultivation of ancient Italy, naturally the most fertile country in Europe, and at that time the seat of the greatest empire in the world. To what degree such restraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, must have discouraged the cultivation of countries less fertile, and less favourably circumstanced, it is not perhaps very easy to imagine.

CHAP III.—*Of the Rise and Progress of Cities and Towns, after the Fall of the Roman Empire*—The inhabitants of cities and towns were, after the fall of the Roman empire, no more favoured than those of the country. They consisted, indeed, of a very different order of people from the first inhabitants of the ancient republics of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the public territory was originally divided, and who found it convenient to build their houses in the neighbourhood of one another, and to surround them with a wall, for the sake of common defence. After the fall of the Roman empire, on the contrary, the proprietors

the country, the yeomanry were bound to provide them with horses, carriages, and provisions, at a price regulated by the purveyor. Great Britain is, I believe, the only monarchy in Europe where the oppression of purveyance has been entirely abolished. It still subsists in France and Germany.

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rank of people, even to the better sort of tradesmen and mechanics, and in all parts of Europe to the great merchants and master manufacturers. It can seldom happen that a man of any considerable stock should quit the superior, in order to place himself in an inferior station. Even in the present state of Europe, little stock is likely to go from any other profession to the improvement of land in the way of farming. More does perhaps in Great Britain than in any other country, though even there the great stocks which are, in some places, employed in farming, have generally been acquired by farming, the trade, perhaps, in which, of all others, stock is commonly acquired most slowly. After small proprietors, however, rich and great farmers are, in every country, the principal improvers. There are more such perhaps in England than in any other European monarchy. In the republican governments of Holland, and of Berne, in Switzerland, the farmers are not inferior to those in England.

The ancient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer, first, by the general prohibition of the exportation of corn without a special licence, which seems to have been a very universal regulation, and secondly, by the restraints which were laid upon the inland commerce, not only of corn, but of almost every other part of the produce of the farm, by the absurd laws against engrossers, regraters, and forestallers, and by the privileges of fairs and markets. It has already been observed in what manner the prohibition of the exportation of corn, together with some encouragement given to the importation of foreign corn, obstructed the cultivation of ancient Italy, naturally the most fertile country in Europe, and at that time the seat of the greatest empire in the world. To what degree such restraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, must have discouraged the cultivation of countries less fertile, and less favourably circumstanced, it is not perhaps very easy to imagine.

CHAP III.—*Of the Rise and Progress of Cities and Towns, after the Fall of the Roman Empire*—The inhabitants of cities and towns were, after the fall of the Roman empire, no more favoured than those of the country. They consisted, indeed, of a very different order of people from the first inhabitants of the ancient republics of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the public territory was originally divided, and who found it convenient to build their houses in the neighbourhood of one another, and to surround them with a wall, for the sake of common defence. After the fall of the Roman empire, on the contrary, the proprietors

of land seem generally to have lived in forfished castles on their own estates, and in the midst of their own tenants and dependents. The towns were chiefly inhabited by tradesmen and mechanics, who seem to have been of servile or very nearly servile condition. The privileges we find granted by ancient charters to the inhabitants of some of the principal towns in Europe, sufficiently show what they were before those grants. The people to whom it is granted as a privilege, that they might give away their own daughter, in marriage without the consent of their lord, that upon their death their own children, and not their lord, should succeed to their goods and that they might dispose of their own effects by will, must, before those grants were made, have been either altogether or very nearly in the same state of villeinage with the occupiers of land in the country.

They seem, indeed, to have been a very poor, mean set of people, who used to travel about with their goods from place to place, and from fair to fair, like the hawkers and peddlers of the present times. In all the different countries of Europe then, in the same manner as in several of the Tartar governments of Asia at present, taxes used to be levied upon the persons and goods of travellers, when they passed through certain manors, when they went over certain bridges, when they carried about their goods from place to place to a fair, when they erected in it a booth or stall to sell them in. These different taxes were known in England by the names of passage, pontage, lastage, and stallage. Sometimes the king, sometimes a great lord, who had, it seems, upon some occasions, authority to do this, would grant to particular traders, to such particularly as lived in their own demesnes, a general exemption from such taxes. Such traders, though in other respects of servile, or very nearly of servile condition, were upon this account called Free traders. They in return usually paid to their protector a sort of annual poll tax. In those days protection was seldom granted without a valuable consideration, and this tax might, perhaps, be considered as compensation for what their patrons might lose by their exemption from other taxes. At first, both those poll taxes and those exemptions seem to have been personal, and affected only particular individuals, during either their lives, or the pleasure of their protectors. In the very imperfect accounts which have been published from Doomsday-book, of several of the towns of England, mention is frequently made sometimes of the tax which particular burghers paid, each of them, either to the king or to some other great lord, for this sort of protection, and sometimes of the general amount only of all those taxes.

But how servile soever may have been originally the condition of the inhabitants of the towns, it appears evidently that they arrived at liberty and independency much earlier than the occu-

piers of land in the country. That part of the king's revenue which arose from such poll-taxes in any particular town used commonly to be let in farm, during a term of years for a rent certain, sometimes to the sheriff of the county and sometimes to other persons. The burghers, themselves frequently got credit enough to be admitted to farm the revenues of this sort which arose out of their own town, they becoming jointly and severally answerable for the whole rent *. To let a farm in this manner was quite agreeable to the usual economy of the sovereigns of all the different countries of Europe, who used frequently to let whole manors to all the tenants of those manors, they becoming jointly and severally answerable for the whole rent, but in return being allowed to collect it in their own way, and to pay it into the king's exchequer by the hands of their own bailiff, and being thus freed from the insolence of the king's officers, a circumstance which in those days was regarded as of the greatest importance.

At first, the farm of the town was probably let to the burghers, in the same manner as it had been to other farmers, for a term of years only. In process of time, however, it seems to have become the general practice to grant it to them in fee, that is, for ever, reserving a rent certain never afterwards to be augmented. The payment having thus become perpetual, the exemptions, in return, for which it was made, naturally become perpetual too. Those exemptions, therefore, ceased to be personal, and could not afterwards be considered as belonging to individuals as individuals, but as burghers of a particular burgh, which, upon this account, was called a free burgh, for the same reason that they had been called free-burghers or free-traders.

Along with this grant, the important privileges above mentioned, that they might give away their own daughters in marriage, that their children should succeed to them, and that they might dispose of their own effects by will, were generally bestowed upon the burghers of the town to whom it was given. Whether such privileges had before been usually granted along with the freedom of trade, to particular burghers, as individuals, I know not. I reckon it not improbable that they were, though I cannot produce any direct evidence of it. But however this may have been, the principal attributes of villeinage and slavery being thus taken away from them, they now, at least, became really free in our present sense of the word Freedom.

Nor was this all. They were generally at the same time erected into a commonalty or corporation, with the privilege of having magistrates and a town council of their own, of making bye-laws for their own government, of building walls for their own defence, and of reducing all their inhabitants under a sort of military

* *Madox Firma Burgi*, p 18 *Hist of Exchequer*, ch, 10, sect v 223, first edit.

interest to render them as secure and independent of those enemies as he could. By granting them magistrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and reducing all their inhabitants under a sort of military discipline, he gave them all the means of security and independency of the barons which it was in his power to bestow. Without the establishment of some regular government of this kind, without some authority to compel their inhabitants to act according to some certain plan, no voluntary league of mutual defence could either have afforded them any permanent security, or have enabled them to give the king any considerable support. By granting them the farm of their town in fee, he took away from those whom he wished to have for his friends, and if one may say so, for his allies, all ground of jealousy and suspicion that he was ever afterwards to oppress them, either by raising the farm rent of their town, or by granting it to some other farmer.

The princes who lived upon the worst terms with their barons, seem accordingly to have been the most liberal in grants of this kind to their burghs. King John of England, for example, appears to have been a most munificent benefactor to his towns (Madox). Philip the First of France lost all authority over his barons. Towards the end of his reign, his son Lewis, known afterwards by the name of Lewis the Fat, consulted, according to Father Daniel, with the bishops of the royal demesnes, concerning the most proper means of restraining the violence of the great lords. Their advice consisted of two different proposals. One was to erect a new order of jurisdiction, by establishing magistrates and a town council in every considerable town of his demesnes. The other was to form a new militia, by making the inhabitants of those towns, under the command of their own magistrates, march out upon proper occasions to the assistance of the king. It is from this period, according to the French antiquarians, that we are to date the institution of the magistrates and councils of cities in France. It was during the unprosperous reigns of the princes of the house of Suabia that the greater part of the free towns of Germany received the first grants of their privileges, and that the famous Hanseatic league first became formidable (Pfeffel).

The militia of the cities seems, in those times, not to have been inferior to that of the country, and as they could be more readily assembled upon any sudden occasion, they frequently had the advantage in their disputes with the neighbouring lords. In countries, such as Italy and Switzerland, in which, on account either of their distance from the principal seat of government, or of the natural strength of the country itself, or of some other reason, the sovereign came to lose the whole of his authority, the cities generally became independent republics, and conquered all the nobility in their

The inhabitants of a city, it is true, must always ultimately derive their subsistence, and the whole materials and means of their industry, from the country. But those of a city situated near either the sea coast or the banks of a navigable river, are not necessarily confined to derive them from the country in the neighbourhood. They have a much wider range, and may draw them from the most remote corners of the world, either in exchange for the manufactured produce of their own industry, or by performing the office of carriers between distant countries, and exchanging the produce of one for that of another. A city might in this manner grow up to great wealth and splendour, while not only the country in its neighbourhood, but all those to which it traded, were in poverty and wretchedness. Each of those countries, perhaps, taken singly, could afford it but a small part either of its subsistence or of its employment, but all of them taken together could afford it both a great subsistence and a great employment. There were, however, within the narrow circle of the commerce of those times, some countries that were opulent and industrious. Such was the Greek empire as long as it subsisted, and that of the Saracens during the reigns of the Abassides. Such, too, was Egypt till it was conquered by the Turks, some part of the coast of Barbary, and all those provinces of Spain which were under the government of the Moors.

The cities of Italy seem to have been the first in Europe which were raised by commerce to any considerable degree of opulence. Italy lay in the centre of what was at that time the improved and civilized part of the world. The crusades, too, though by the great waste of stock and destruction of inhabitants which they occasioned, they must necessarily have retarded the progress of the greater part of Europe, were extremely favourable to that of some Italian cities. The great armies which marched from all parts to the conquests of the Holy Land, gave extraordinary encouragement to the shipping of Venice, Genoa, and Pisa, sometimes in transporting them thither, and always in supplying them with provisions. They were the commissaries, if one may say so, of those armies, and the most destructive frenzy that ever befell the European nations was a source of opulence to those republics.

The inhabitants of trading cities, by importing the improved manufactures and expensive luxuries of richer countries, afforded some food to the vanity of the great proprietors, who eagerly purchased them with great quantities of the rude produce of their own lands. The commerce of the great part of Europe in those times, accordingly, consisted chiefly in the exchange of their own rude, for the manufactured produce of more civilised nations. Thus the wool of England used to be exchanged for the wines of France and the fine cloths of Flanders, in the same manner as the corn

have done so with great equity, though without any of the formalities of justice, and it is not improbable that the state of that part of the country at that time made it necessary for him to assume this authority in order to maintain the public peace. That gentleman, whose rent never exceeded £500 a year, carried, in 1745, 800 of his own people into the Stuart rebellion with him.

The introduction of the feudal law, so far from extending, may be regarded as an attempt to moderate the authority of the great allodial lords. It established a regular subordination, accompanied with a long train of services and duties, from the king down to the smallest proprietor. During the minority of the proprietor, the rent, together with the management of his lands, fell into the hands of his immediate superior, and, consequently, those of all great proprietors into the hands of the king, who was charged with the maintenance and education of the pupil, and who, from his authority as guardian, was supposed to have a right of disposing of him in marriage, provided it was in a manner not unsuitable to his rank. But though this institution tended to strengthen the authority of the king, and to weaken that of the great proprietors, it could not do either sufficiently for establishing order and good government among the inhabitants of the country, because it could not alter sufficiently that state of property and manners from which the disorders arose. The authority of government still continued to be, as before, too weak in the head and too strong in the inferior members, and the excessive strength of the inferior members was the cause of the weakness of the head. After the institution of feudal subordination, the king was as incapable of restraining the violence of the great lords as before. They continued to make war, according to their own discretion, almost continually upon one another, frequently upon the king; and the open country still continued to be a scene of violence, rapine, and of disorder.

But what all the violence of the feudal institution could never have effected, the silent and insensible operation of foreign commerce and manufactures gradually brought about. These gradually furnished the great proprietors with something for which they could exchange the whole surplus produce of their lands, and which they could consume themselves without sharing it either with tenants or retainers. All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind. As soon, therefore, as they could find a method of consuming the whole value of their rents themselves, they had no disposition to share them with any other persons. For a pair of diamond buckles, perhaps, or for something as frivolous and useless, they exchanged the maintenance, or, what is the same thing, the price of the maintenance, of 1,000

men for a year, and with it the whole weight and authority which it could give them The buckles, however, were to be all their own, and no other human creature was to have any share of them, whereas in the more ancient method of expense they must have shared with at least 1,000 people With the judges that were to determine the preference, this difference was perfectly decisive, and thus, for the gratification of the most childish, the meanest, and the most sordid of all vanities, they gradually bartered their power and authority

In a country where there is no foreign commerce, nor any of the finer manufactures, a man of £10,000 a year cannot well employ his revenue in any other way than in maintaining, perhaps, 1,000 families, who are all of them necessarily at his command In the present state of Europe, a man of £10,000 a year can spend his whole revenue, and he generally does so, without directly maintaining twenty people, or being able to command more than ten footmen not worth the commanding Indirectly, perhaps, he maintains as great or even a greater number of people than he could have done by the ancient method of expense For though the quantity of precious productions for which he exchanges his whole revenue be very small, the number of workmen employed in collecting and preparing it must necessarily have been very great. Its great price generally arises from the wages of their labour, and the profits of all their immediate employers By paying that price he indirectly pays all those wages and profits, and thus indirectly contributes to the maintenance of all the workmen and their employers He generally contributes, however, but a very small proportion to that of each, to very few perhaps a tenth, to many not a hundredth, and to some not a thousandth, nor even a ten thousandth part of their whole annual maintenance Though he contributes, therefore, to the maintenance of them all, they are all more or less independent of him, because that generally they can all be maintained without him

When the great proprietors of land spend their rents in maintaining their tenants and retainers, each of them maintains entirely all his own tenants and all his own retainers But when they spend them in maintaining tradesmen and artificers, they may, all of them taken together, perhaps, maintain as great, or, on account of the waste which attends rustic hospitality, a greater number of people than before Each of them, however, taken singly, contributes often but a very small share to the maintenance of any individual of this greater number Each tradesman or artificer derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all, therefore, he is not absolutely dependent upon any one of them

generous, or a profuse man, is said to be indifferent about it. To grow rich is to get money, and wealth and money, in short are, in common language, considered as in every respect synonymous.

A rich country, in the same manner as a rich man, is supposed to be abounding in money, and to heap up gold and silver in any country is supposed to be the readiest way to enrich it. For some time after the discovery of America, the first inquiry of the Spaniards, when they arrived upon any unknown coast, used to be, if there was any gold or silver to be found in the neighbourhood. By the information which they received, they judged whether it was worth while to make a settlement there, or if the country was worth the conquering. Piano Carpino, a monk, sent ambassador from the King of France to one of the sons of the famous Gengis Khan, says that the Tartars used frequently to ask him, if there was plenty of sheep and oxen in the kingdom of France? Their inquiry had the same object with that of the Spaniards. They wanted to know if the country was rich enough to be worth the conquering. Among the Tartars, as among all other nations of shepherds, who are generally ignorant of the use of money, cattle are the instruments of commerce and the measures of value. Wealth, therefore, according to them, consisted in cattle, as according to the Spaniards it consisted in gold and silver. Of the two, the Tartar notion, perhaps, was the nearest to the truth.

Mr. Locke marks a distinction between money and other movable goods. All other movable goods, he says, are of so consumable a nature, that the wealth which consists in them cannot be much depended on, and a nation which abounds in them one year may, without any exportation, but merely by their own waste and extravagance, be in great want of them the next. Money, on the contrary, is a steady friend, which, though it may travel about from hand to hand, yet if it can be kept from going out of the country, is not very liable to be wasted and consumed. Gold and silver, therefore, are, according to him, the most solid and substantial part of the movable wealth of a nation, and to multiply those metals ought, he thinks, upon that account, to be the great object of its political economy.

Others admit, that if a nation could be separated from all the world, it would be of no consequence how much or how little money circulated in it. The consumable goods which were circulated by means of this money, would only be exchanged for a greater or a smaller number of pieces, but the real wealth or property of the country, they allow, would depend upon the abundance or scarcity of those consumable goods. But it is otherwise, they think, with countries which have connections with foreign nations, and which are obliged to carry on foreign wars, and to maintain fleets and armies in distant countries. This, they say, cannot be

done but by sending abroad money to pay them with, and a nation cannot send much money abroad, unless it has a good deal at home. Every such nation must endeavour in time of peace to accumulate gold and silver, that when occasion requires, it may have wherewithal to carry on foreign wars.

In consequence of these popular notions, all the different nations of Europe have studied, though to little purpose, every possible means of accumulating gold and silver in their respective countries. Spain and Portugal, the proprietors of the principal mines which supply Europe with those metals, have either prohibited their exportation under the severest penalties, or subjected it to a considerable duty. The like prohibition seems anciently to have made a part of the policy of most other European nations. It is even to be found, where we should least of all expect to find it, in some old Scotch acts of parliament, which forbid, under heavy penalties, the carrying gold or silver forth of the kingdom. The like policy anciently took place in the kingdoms of France and England.

When those countries became commercial, the merchants found this prohibition, upon many occasions, extremely inconvenient. They could frequently buy more advantageously with gold and silver than with any other commodity the foreign goods which they wanted, either to import into their own, or to carry to some other foreign country. They remonstrated against this prohibition as hurtful to their trade.

They represented, first, that the exportation of gold and silver in order to purchase foreign goods, did not always diminish the quantity of those metals in the kingdom. That, on the contrary, it might frequently increase that quantity, because, if the consumption of foreign goods was not thereby increased in the country, those goods might be re-exported to foreign countries, and, being there sold for a large profit, might bring back much more treasure than was originally sent out to purchase them. Mr Mun compares this operation of foreign trade to the seed time and harvest of agriculture. 'If we only behold,' says he, 'the actions of the husbandman in the seed time, when he casteth away much good corn into the ground, we shall account him rather a madman than a husbandman. But when we consider his labours in harvest, which is the end of his endeavours, we shall find the worth and plentiful increase of his actions.'

They represented, secondly, that this prohibition could not hinder the exportation of gold and silver, which, on account of the smallness of their bulk in proportion to their value, could easily be smuggled abroad. That this exportation could only be prevented by a proper attention to what they called the balance of trade. That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which

people. Gold and silver, whether in the shape of coin or of plate, are utensils, it must be remembered, as much as the furniture of the kitchen. Increase the use for them, increase the consumable commodities which are to be circulated, managed, and prepared by means of them, and you will infallibly increase the quantity, but if you attempt, by extraordinary means, to increase the quantity, you will as infallibly diminish the use and even the quantity too, which in those metals can never be greater than what the use requires. Were they ever to be accumulated beyond this quantity, their transportation is so easy, and the loss which attends their lying idle and unemployed so great, that no law could prevent their being immediately sent out of the country.

It is not always necessary to accumulate gold and silver, in order to enable a country to carry on foreign wars, and to maintain fleets and armies in distant countries. Fleets and armies are maintained, not with gold and silver, but with consumable goods. The nation which, from the annual produce of its domestic industry, from the annual revenue arising out of its lands, labours, and consumable stock, has wherewithal to purchase those consumable goods in distant countries, can maintain foreign wars there. A nation may purchase the pay and provisions of an army in a distant country three different ways, by sending abroad either, first, some part of its accumulated gold and silver, or, secondly, some part of the annual produce of its manufactures; or, last of all, some part of its annual rude produce.

The gold and silver which can properly be considered as accumulated or stored up in any country, may be distinguished into three parts, first, the circulating money, secondly, the plate of private families, and, last of all, the money which may have been collected by many years' parsimony, and laid up in the treasury of the prince.

It can seldom happen that much can be spared from the circulating money of the country, because in that there can seldom be much redundancy. The value of goods annually bought and sold in any country requires a certain quantity of money to circulate and distribute them to their proper consumers, and can give employment to no more. The channel of circulation necessarily draws to itself a sum sufficient to fill it, and never admits any more. Something, however, is generally withdrawn from this channel in the case of foreign war. By the great number of people who are maintained abroad, fewer are maintained at home. Fewer goods are circulated there, and less money becomes necessary to circulate them. An extraordinary quantity of paper money, of some sort or other, too, such as exchequer notes, navy bills, and bank bills in England, is generally issued upon such occasions, and by supplying the place of circulating gold and silver, gives an oppor-

even that of America, notwithstanding the greater distance. There were but two nations in America in any respect superior to savages, and these were destroyed almost as soon as discovered. The rest were mere savages. But the empires of China, Hindostan, Japan, as well as several others in the East Indies, without having richer mines of gold or silver, were in every other respect much richer, better cultivated, and more advanced in all arts and manufactures than either Mexico or Peru, even though we should credit, what plausibly deserves no credit, the exaggerated accounts of the Spanish writers, concerning the ancient state of those empires. But rich and civilized nations can always exchange to a much greater value with one another than with savages and barbarians. Europe, however, has hitherto derived much less advantage from its commerce with the East Indies, than from that with America. The Portuguese monopolized the East India trade to themselves for about a century, and it was only indirectly and through them, that the other nations of Europe could either send out or receive any goods from that country. When the Dutch, in the beginning of the last century, began to encroach upon them, they vested their whole East India commerce in an exclusive company. The English, French, Swedes, and Danes, have all followed their example, so that no great nation in Europe has ever yet had the benefit of a free commerce to the East Indies. No other reason need be assigned why it has never been so advantageous as the trade to America, which, between almost every nation of Europe and its own colonies, is free to all its subjects. The exclusive privileges of those East India companies, their great riches, the great favour and protection which these have procured them from their respective governments, have excited much envy against them. This envy has frequently represented their trade as altogether pernicious, on account of the great quantities of silver which it every year exports from the countries from which it is carried on. The parties concerned have replied that their trade, by this continual exportation of silver, might, indeed, tend to impoverish Europe in general, but not the particular country from which it was carried on, because by the exportation of a part of the returns to other European countries, it annually brought home a much greater quantity of that metal than it carried out. Both the objection and the reply are founded in the popular notion which I have been just now examining. It is, therefore, unnecessary to say anything further about either. By the annual exportation of silver to the East Indies, plate is probably somewhat dearer in Europe than it otherwise might have been, and coined silver probably purchases a larger quantity both of labour and commodities. The former of these two effects is a very small loss, the latter a very small advantage, both too insignificant to deserve

any part of the public attention The trade to the East Indies, by opening a market to the commodities of Europe, or, what comes nearly to the same thing, to the gold and silver which is purchased with those commodities, must necessarily tend to increase the annual production of European commodities, and consequently the real wealth and revenue of Europe That it has hitherto increased them so little, is probably owing to the restraints which it everywhere labours under (*Trade to India is now open*)

I thought it necessary, though at the hazard of being tedious, to examine at full length this popular notion that wealth consists in money, or in gold and silver Money, in common language, as I have already observed, frequently signifies wealth, and this ambiguity of expression has rendered this popular notion so familiar to us, that even they who are convinced of its absurdity, are very apt to forget their own principles, and in the course of their reasonings to take it for granted as a certain and undeniable truth. Some of the best English writers upon commerce set out with observing, that the wealth of a country consists, not in its gold and silver only, but in its lands, houses, and consumable goods of all different kinds In the course of their reasonings, however, the lands, houses, and consumable goods seem to slip out of their memory, and the strain of their argument frequently supposes that all wealth consists in gold and silver, and that to multiply those metals is the great object of national industry and commerce

The two principles being established, however, that wealth consisted in gold and silver, and that those metals could be brought into a country which had no mines only by the balance of trade, or by exporting to a greater value than it imported, it necessarily became the greater object of political economy to diminish as much as possible the importation of foreign goods for home consumption, and to increase as much as possible the exportation of the produce of domestic industry Its two great engines for enriching the country, therefore, were restraints upon importation and encouragements for exportation

The restraints upon importation were of two kinds

I Restraints upon the importation of such foreign goods for home consumption as could be produced at home, from whatever country they were imported. II Restraints upon the importation of goods of almost all kinds from those particular countries with which the balance of trade was supposed to be disadvantageous.

Those different restraints consisted sometimes in high duties, and sometimes in absolute prohibitions Exportation was encouraged sometimes by drawbacks, sometimes by bounties, sometimes by advantageous treaties of commerce with foreign states, and sometimes by the establishment of colonies in distant countries.

Drawbacks were given upon two different occasions When

greatest advantage from this monopoly of the home market. The prohibition of the importation of foreign cattle, and of salt provisions, together with the high duties upon foreign corn, which in times of moderate plenty amount to a prohibition, are not near so advantageous to the graziers and farmers of Great Britain, as other regulations of the same kind are to its merchants and manufacturers. Manufactures, those of the finer kind especially, are more easily transported from one country to another than corn or cattle. It is in the fetching and carrying manufactures, accordingly, that foreign trade is chiefly employed. In manufactures, a very small advantage will enable foreigners to undersell our own workmen, even in the home market. It will require a very great one to enable them to do so in the rude produce of the soil. If the free importation of foreign manufactures were permitted, several of the home manufactures would probably suffer, and some of them, perhaps, go to ruin altogether, and a considerable part of the stock and industry at present employed in them would be forced to find out some other employment. But the freest importation of the rude produce of the soil could have no such effect upon the agriculture of the country.

If the importation of foreign cattle, for example, were made ever so free, so few could be imported, that the grazing trade of Great Britain could be little affected by it. Live cattle are, perhaps, the only commodity of which the transportation is more expensive by sea than by land. By land they carry themselves to market. By sea, not only the cattle, but their food and their water, too, must be carried at no small expense and inconvenience. The short sea passage between Ireland and Great Britain, renders the importation of Irish cattle more easy. But though the free importation of them, which was lately permitted only for a limited time, were rendered perpetual, it could have no considerable effect upon the interest of the graziers of Great Britain. Those parts of Great Britain which border upon the Irish sea are all grazing countries. Irish cattle could never be imported for their use, but must be driven through those very extensive countries, at no small expense and inconvenience, before they could arrive at their proper market. Fat cattle could not be driven so far. Lean cattle, therefore, only could be imported, and such importation could interfere, not with the interest of the feeding or fattening countries, to which, by reducing the price of lean cattle, it would rather be advantageous, but with that of the breeding countries only. The small number of Irish cattle imported since their importation was permitted, together with the good price at which lean cattle still continue to sell, seem to demonstrate that even the breeding countries of Great Britain are never likely to be much affected by the free importation of Irish cattle. The common

people of Ireland, indeed, are said to have sometimes opposed with violence the exportation of their cattle. But if the exporters had found any great advantage in continuing the trade, they could easily, when the law was on their side, have conquered the opposition of the Irish mobs.

Feeding and fattening countries, besides, must always be highly improved, whereas breeding countries are generally uncultivated. The high price of lean cattle, by augmenting the value of uncultivated land, is like a bounty against improvement. To any country which was highly improved throughout, it would be more advantageous to import its lean cattle than to breed them. The province of Holland, accordingly, is said to follow this maxim at present. The mountains of Scotland, Wales, and Northumberland, are countries not capable of much improvement, and seem destined by nature to be the breeding countries of Great Britain. The freest importation of foreign cattle could have no other effect than to hinder those countries from taking advantage of the increasing population and improvement of the rest of the kingdom, from raising their price to an exorbitant height, and laying a real tax upon all the more improved and cultivated parts of the country.

The freest importation of salt provisions, in the same manner, could have as little effect upon the interest of the graziers of Great Britain as that of live cattle. Salt provisions are not only a very bulky commodity, but when compared with fresh meat, they are a commodity both of worse quality and, as they cost more labour and expense, of higher price. They could never come into competition with the fresh meat, though they might with the salt provisions of the country. They might be used for victualling ships for distant voyages, and such like uses, but could never make any considerable part of the food of the people. The small quantity of salt provisions imported from Ireland since importation was rendered free, is an experimental proof that our graziers have nothing to apprehend from it. It does not appear that the price of butcher's-meat has ever been sensibly affected by it.

Even the free importation of foreign corn could very little affect the interest of the farmers of Great Britain. Corn is a much more bulky commodity than butcher's-meat. A pound of wheat at a penny is as dear as a pound of butcher's-meat at fourpence. The small quantity of foreign corn imported even in times of the greatest scarcity, may satisfy our farmers that they can have nothing to fear from the freest importation. The average quantity imported one year with another, amounts only, according to the very well-informed author of the tracts upon the corn trade, to 23,728 quarters of all sorts of grain, and does not exceed the five hundredth and seventy-one part of the annual consumption. But as the bounty upon corn occasions a greater exportation in

of them When our neighbours prohibit some manufacture of ours, we generally prohibit, not only the same, for that alone would seldom affect them considerably, but some other manufacture of theirs This may, no doubt, give encouragement to some particular class of workmen among ourselves, and by excluding some of their rivals, may enable them to raise their price in the home market Those workmen, however, who suffered by our neighbours' prohibition will not be benefited by ours On the contrary, they and almost all the other classes of our citizens will thereby be obliged to pay dearer than before for certain goods Every such law, therefore, imposes a real tax upon the whole country, not in favour of that particular class of workmen who were injured by our neighbours' prohibition, but of some other class

The case in which it may sometimes be a matter of deliberation how far, or in what manner it is proper to restore the free importation of foreign goods after it has been for some time interrupted, is, when particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great multitude of hands Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection Were those high duties and prohibitions taken away all at once, cheaper foreign goods of the same kind might be poured so fast into the home market, as to deprive all at once many thousands of our people of their ordinary employment and means of subsistence The disorder which this would occasion might, no doubt, be very considerable It would in all probability, however, be much less than is commonly imagined, for the two following reasons

First, all those manufactures, of which any part is commonly exported to other European countries without a bounty, could be very little affected by the freest importation of foreign goods Such manufactures must be sold as cheap abroad as any other foreign goods of the same quality and kind, and consequently must be sold cheaper at home They would still, therefore, keep possession of the home market, and though a capricious man of fashion might sometimes prefer foreign wares, merely because they were foreign, to cheaper and better goods of the same kind that were made at home, this folly could, from the nature of things, extend to so few, that it could make no sensible impression upon the general employment of the people But a great part of all the different branches of our woollen manufacture, of our tanned leather, and of our hardware, are annually exported to other European countries without any bounty, and these are the manufactures which employ the greatest number of hands The silk, perhaps, is the manufacture which would suffer the most by this freedom of trade, and

after it the linen, though the latter much less than the former Secondly, though a great number of people should, by thus restoring the freedom of trade, be thrown all at once out of their ordinary employment and common method of subsistence, it would by no means follow that they would thereby be deprived either of employment or subsistence. By the reduction of the army and navy at the end of the late war, more than 100,000 soldiers and seamen, a number equal to what is employed in the greatest manufactures, were thrown out of their ordinary employment, but, though they, no doubt, suffered some inconveniency, they were not thereby deprived of all employment and subsistence The greater part of the seamen, it is probable, gradually betook themselves to the merchant service as they could find occasion, and in both they and the soldiers were absorbed in the great mass of the people, and employed in a great variety of occupations Not only no great convulsion, but no sensible disorder arose from so great a change in the situation of more than 100,000 men, all accustomed to the use of arms, and many of them to rapine and plunder The number of vagrants was scarce anywhere sensibly increased by it, even the wages of labour were not reduced by it in any occupation, so far as I have been able to learn, except in that of seamen in the merchant service But if we compare together the habits of a soldier and of any sort of manufacturer, we shall find that those of the latter do not tend so much to disqualify him from being employed in a new trade, as those of the former from being employed in any The manufacturer has always been accustomed to look for his subsistence from his labour only the soldier to expect it from his pay Application and industry have been familiar to the one, idleness and dissipation to the other But it is surely much easier to change the direction of industry from one sort of labour to another, than to turn idleness and dissipation to any To the greater part of manufacturers besides, it has already been observed, there are other collateral manufactures of so similar a nature, that a workman can easily transfer his industry from one of them to another The greater part of such workmen, too, are occasionally employed in country labour The stock which employed them in a particular manufacture before, will remain in the country to employ an equal number of people in some other way The capital of the country remaining the same, the demand for labour will likewise be the same, or very nearly the same, though it may be exerted in different places and for different occupations Soldiers and seamen, indeed, when discharged from the king's service, are at liberty to exercise any trade, within any town or place of Great Britain or Ireland Let the same natural liberty of exercising what species of industry they please be restored to all his Majesty's subjects, in the same manner as to soldiers and sea-

country. What is called bank money is always of more value than the same nominal sum of common currency. A thousand guilders in the bank of Amsterdam, for example, are of more value than 1,000 guilders of Amsterdam currency. The difference between them is called the agio of the bank, which, at Amsterdam, is generally about five per cent. Supposing the current money of the two countries equally near to the standard of their respective mints, and that the one pays foreign bills in this common currency, while the other pays them in the bank money, it is evident that the computed exchange may be in favour of that which pays in bank money, though the real exchange should be in favour of that which pays in current money, for the same reason that the computed exchange may be in favour of that which pays in better money, or in money nearer to its own standard, though the real exchange should be in favour of that which pays in worse. The computed exchange, before the late reformation of the gold coin, was generally against London with Amsterdam, Hamburg, Venice, and, I believe, with all other places which pay in what is called bank money. It will by no means follow, however, that the real exchange was against it. Since the reformation of the gold coin, it has been in favour of London even with those places. The computed exchange has generally been in favour of London with Lisbon, Antwerp, Leghorn, and, if you except France, I believe, with most other parts of Europe that pay in common currency, and it is not improbable that the real exchange was so too.

Digression concerning Banks of Deposit, particularly concerning that of Amsterdam

THE currency of a great state, such as France or England, generally consists almost entirely of its own coin. Should this currency be worn, clipt, or otherwise degraded below its standard value, the state by a reformation of its coin can effectually re-establish its currency. But the currency of a small state, such as Genoa or Hamburg, can seldom consist altogether in its own coin, but must be made up, in a great measure, of the coins of all the neighbouring states with which its inhabitants have a continual intercourse. Such a state, by reforming its coin, will not always be able to reform its currency. If foreign bills of exchange are paid in this currency, the uncertain value of any sum, of what is in its own nature so uncertain, must render the exchange always very much against such a state, its currency being, in all foreign states, necessarily valued even below what it is worth.

In order to remedy the inconvenience to which this disadvantageous exchange must have subjected their merchants, such small states, when they began to attend to the interest of trade, have frequently enacted, that foreign bills of exchange of a certain value

should be paid, not in common currency, but by an order upon, or by a transfer in the books of a certain bank, established upon the credit and under the protection of the state, this bank being always obliged to pay, in good and true money, exactly according to the standard of the state. The banks of Venice, Genoa, Amsterdam, Hamburgh, and Nuremberg, seem to have been all originally established with this view, though some of them may have afterwards been made subservient to other purposes. The money of such banks being better than the common currency of the country, necessarily bore an agio, which was greater or smaller, according as the currency was supposed to be more or less degraded below the standard of the state. The agio of the bank of Hamburgh, said to be commonly about 14 per cent, is the supposed difference between the good standard money of the state, and the clipt, worn, and diminished currency poured into it from all the neighbouring states.

Before 1609 the great quantity of clipt and worn foreign coin, which the extensive trade of Amsterdam brought from all parts of Europe, reduced the value of its currency about 9 per cent below that of good money fresh from the mint. Such money no sooner appeared than it was melted down or carried away, as it always is in such circumstances. The merchants, with plenty of currency, could not always find a sufficient quantity of good money to pay their bills of exchange, and the value of those bills, in spite of several regulations made to prevent it, became in a great measure uncertain.

In order to remedy these inconveniences, a bank was established in 1609 under the guarantee of the city. This bank received both foreign coin, and the light and worn coin of the country at its real intrinsic value in the good standard money of the country, deducting only so much as was necessary for defraying the expense of coinage, and the expense of management. For the value which remained, after this small deduction was made, it gave a credit in its books. This credit was called bank money, which, as it represented money exactly according to the standard of the mint, was always of the same real value, and intrinsically worth more than current money. It was at the same time enacted, that all bills drawn upon or negotiated at Amsterdam of the value of 600 guilders and upwards should be paid in bank money, which at once took away all uncertainty in the value of those bills. Every merchant, in consequence of this regulation, was obliged to keep an account with the bank in order to pay his foreign bills of exchange, which necessarily occasioned a certain demand for bank money.

Bank money, over and above both its intrinsic superiority to currency, and the additional value which this demand necessarily gives it, has likewise some other advantages. It is secure from fire, robbery, and other accidents; the city of Amsterdam is bound for

tions. The person who neglects to balance his account twice in the year forfeits 25 guilders. The person who orders a transfer for more than is upon his account, is obliged to pay three per cent for the sum overdrawn, and his order is set aside into the bargain. The bank is supposed, too, to make a considerable profit by the sale of the foreign coin or bullion which sometimes falls to it by the expiring of receipts, and which is always kept till it can be sold with advantage. It makes a profit likewise by selling bank money at five per cent agio, and buying it in at four. These different emoluments amount to a good deal more than what is necessary for paying the salaries of officers, and defraying the expense of management. What is paid for the keeping of bullion upon receipts, is alone supposed to amount to a nett annual revenue of between 150,000 and 200,000 guilders. Public utility, however, and not revenue, was the original object of this institution. Its object was to relieve the merchants from the inconvenience of a disadvantageous exchange. The revenue which had arisen from it was unforeseen, and may be considered as accidental. But it is now time to return from this long digression, into which I have been insensibly led in endeavouring to explain the reasons why the exchange between the countries which pay in what is called bank money, and those which pay in common currency, should generally appear to be in favour of the former, and against the latter. The former pay in a species of money of which the intrinsic value is always the same, and exactly agreeable to the standard of their respective mints, the latter is a species of money of which the intrinsic value is continually varying, and is almost always more or less below that standard.

PART II.—Of the Unreasonableness of those extraordinary Restraints upon other Principles—In the foregoing part of this chapter, I have endeavoured to show, even upon the principles of the commercial system, how unnecessary it is to lay extraordinary restraints upon the importation of goods from these countries with which the balance of trade is supposed to be disadvantageous.

Nothing, however, can be more absurd than this whole doctrine of the balance of trade, upon which, not only those restraints, but almost all the other regulations of commerce are founded. When two places trade with one another, this doctrine supposes that, if the balance be even, neither of them either loses or gains, but if it leans in any degree to one side, that one of them loses, and the other gains in proportion to its declension from the exact equilibrium. Both suppositions are false. A trade which is forced by means of bounties and monopolies may be, and commonly is, disadvantageous to the country in whose favour it is meant to be established, as I shall endeavour to show hereafter. But that trade,

which, without force or constraint, is naturally and generally carried on between any two places, is always advantageous, though not always equally so, to both

By advantage or gain, I understand, not the increase of the quantity of gold and silver, but that of the exchangeable value of the annual produce of the land and labour of the country, or the increase of the annual revenue of its inhabitants

If the balance be even, and if the trade between the two places consist altogether in the exchange of their native commodities, they will, upon most occasions, not only both gain, but they will gain equally, or very nearly equally: each will in this case afford a market for a part of the surplus produce of the other each will replace a capital which had been employed in raising and preparing for the market this part of the surplus produce of the other, and which had been distributed among, and given revenue and maintenance to, a certain number of its inhabitants Some part of the inhabitants of each, therefore, will indirectly derive their revenue and maintenance from the other As the commodities exchanged, too, are supposed to be of equal value, so the two capitals employed in the trade will, upon most occasions, be equal, or very nearly equal, and both being employed in raising the native commodities of the two countries, the revenue and maintenance which their distribution will afford to the inhabitants of each will be equal, or very nearly equal This revenue and maintenance, thus mutually afforded, will be greater or smaller in proportion to the extent of their dealings If these should annually amount to £100,000, for example, or to a million on each side, each of them would afford an annual revenue in the one case of £100 000, in the other of a million, to the inhabitants of the other

If their trade should be of such a nature that one of them exported to the other nothing but native commodities, while the returns of that other consisted altogether in foreign goods, the balance in this case would still be supposed even, commodities being paid for with commodities They would, in this case, too, both gain, but they would not gain equally, and the inhabitants of the country which exported nothing but native commodities would derive the greatest revenue from the trade If England, for example, should import from France nothing but the native commodities of that country, and, not having such commodities of its own as were in demand there, should annually repay them by sending thither a large quantity of foreign goods, tobacco, we shall suppose, and East India goods, this trade, though it would give some revenue to the inhabitants of both countries, would give more to those of France than to those of England The whole French capital annually employed in it would annually be distributed among the people of France But that part of the English

There is no commercial country in Europe of which the approaching ruin has not frequently been foretold by the pretended doctors of this system, from an unfavourable balance of trade. After all the anxiety, however, which they have excited about this, after all the vain attempts of almost all trading nations to turn that balance in their own favour and against their neighbours, it does not appear that any one nation in Europe has been in any respect impoverished by this cause. Every town and country, on the contrary, in proportion as they have opened their ports to all nations, instead of being ruined by this free trade, as the principles of the commercial system would lead us to expect, have been enriched by it. Though there are in Europe, indeed, a few towns which in some respects deserve the name of free ports, there is no country which does so. Holland, perhaps, approaches the nearest to this character of any, though still very remote from it, and Holland, it is acknowledged, not only derives its whole wealth, but a great part of its necessary subsistence, from foreign trade.

There is another balance, which has already been explained, very different from the balance of trade, and which, according as it happens to be either favourable or unfavourable, necessarily occasions the prosperity or decay of every nation. This is the balance of the annual produce and consumption. If the exchangeable value of the annual produce, it has already been observed, exceeds that of the annual consumption, the capital of the society must annually increase in proportion to this excess. The society in this case lives within its revenue, and what is annually saved out of its revenue is naturally added to its capital, and employed so as to increase still further the annual produce. If the exchangeable value of the annual produce, on the contrary, fall short of the annual consumption, the capital of the society must annually decay in proportion to this deficiency. The expense of the society in this case exceeds its revenue, and necessarily encroaches upon its capital. Its capital must necessarily decay, and, together with it, the exchangeable value of the annual produce of its industry.

This balance of produce and consumption is entirely different from what is called the balance of trade. It might take place in a nation which had no foreign trade, but which was entirely separated from all the world. It may take place in the whole globe of the earth, of which the wealth, population, and improvement, may be either gradually increasing or gradually decaying.

The balance of produce and consumption may be constantly in favour of a nation, though what is called the balance of trade be generally against it. A nation may import to a greater value than it exports for half a century, perhaps, together, the gold and silver which comes into it during all this time may be all immediately sent out of it, its circulating coin may gradually decay, different

sorities of paper money being substituted in its place, and even the debits, too, which it contracts in the principal nations with whom it deals may be gradually increasing, and yet its real wealth, the exchangeable value of the annual produce of its lands and labour, may, during the same period, have been increasing in a much greater proportion. The state of our North American colonies, and of the trade which they carried on with Great Britain, before the commencement of the present disturbances,* may serve as a proof that this is by no means an impossible supposition

CHAR. IV.—*Of Drawbacks*—Merchants and manufacturers are not contented with the monopoly of the home market, but desire likewise the most extensive foreign sale for their goods. Their country has no jurisdiction in foreign nations, and therefore can seldom procure them any monopoly there. They are generally obliged, therefore, to content themselves with petitioning for certain encouragements to exportation.

Of these encouragements what are called Drawbacks seem to be the most reasonable. To allow the merchant to draw back upon exportation, either the whole or a part of whatever excise or inland duty is imposed upon domestic industry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed. Such encouragements do not tend to turn towards any particular employment a greater share of the capital of the country, than what would go to that employment of its own accord, but only to hinder the duty from driving away any part of that share to other employments. They tend not to overturn that balance which establishes itself among all the various employments of the society, but to hinder it from being overturned by the duty. They tend not to destroy, but to preserve, what it is in most cases advantageous to preserve—the natural division and distribution of labour in the society.

The same thing may be said of the drawbacks upon the re-exportation of foreign goods imported, which in Great Britain generally amount to by much the largest part of the duty upon importation. By the second of the rules annexed to the act of parliament, which imposed what is now called the old subsidy, every merchant, whether English or alien, was allowed to draw back half that duty upon exportation, the English merchant, provided the exportation took place within twelve months, the alien, provided it took place within nine months. Wines, currants, and wrought silks were the only goods which did not fall within this rule, having other and more advantageous allowances. The duties imposed by this act of parliament were at that time the only duties upon the importation of foreign goods. The term within which

* This paragraph was written in the year 1776.

I answer, that whatever extension of the foreign market can be occasioned by the bounty, must, in every particular year, be altogether at the expense of the home market, as every bushel of corn which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home market to increase the consumption, and to lower the price of that commodity. The corn bounty, it is to be observed, as well as every other bounty upon exportation, imposes two different taxes upon the people; first, the tax which they are obliged to contribute, in order to pay the bounty, and secondly, the tax which arises from the advanced price of the commodity in the home market, and which, as the whole body of the people are purchasers of corn, must, in this particular commodity, be paid by the whole body of the people. In this particular commodity, therefore, this second tax is by much the heaviest of the two. Let us suppose that, taking one year with another, the bounty of five shillings upon the exportation of the quarter of wheat, raises the price of that commodity in the home market only sixpence the bushel, or four shillings the quarter, higher than it otherwise would have been in the actual state of the crop. Even upon this very moderate supposition, the great body of the people, over and above contributing the tax which pays the bounty of five shillings upon every quarter of wheat exported must pay another of 4s upon every quarter which they themselves consume. But, according to the very well informed author of the tracts upon the corn trade, the average proportion of the corn exported to that consumed at home, is not more than that of one to thirty-one. For every five shillings, therefore, which they contribute to the payment of the first tax, they must contribute six pounds four shillings, to the payment of the second. So very heavy a tax upon the first necessary of life, must either reduce the subsistence of the labouring poor, or it must occasion some augmentation in their pecuniary wages, proportionable to that in the pecuniary price of their subsistence. So far as it operates in the one way, it must reduce the ability of the labouring poor to educate and bring up their children, and must, so far, tend to restrain the population of the country. So far as it operates in the other, it must reduce the ability of the employers of the poor, to employ so great a number as they otherwise might do, and must, so far, tend to restrain the industry of the country. The extraordinary exportation of corn, therefore, occasioned by the bounty, not only, in every particular year, diminishes the home, just as much as it extends the foreign market and consumption, but, by restraining the population and industry of the country, its final tendency is to stunt and restrain the gradual extension of the home market, and thereby, in the long run, rather to diminish than to augment the whole market and consumption of corn.

This enhancement of the money price of corn; however, it has been thought, by rendering that commodity more profitable to the farmer, must necessarily encourage its production

I answer that this might be the case if the effect of the bounty was to raise the real price of grain, or to enable the farmer, with an equal quantity of it, to maintain a greater number of labourers in the same manner, whether liberal, moderate, or scanty, than other labourers are commonly maintained in the neighbourhood. But neither the bounty, it is evident, nor any other human institution, can have any such effect. It is not the real, but the nominal price of corn, which can in any considerable degree be affected by the bounty. And though the tax which that institution imposes upon the whole body of the people, may be very burdensome to those who pay it, it is of very little advantage to those who receive it. The real effect of the bounty is not so much to raise the real value of corn, as to degrade the real value of silver, or to make an equal quantity of it exchange for a smaller quantity, not only of corn, but of all other home-made commodities, for the money price of corn regulates that of all other home-made commodities.

It regulates the money price of labour, which must always be such as to enable the labourer to purchase a quantity of corn sufficient to maintain him and his family either in the liberal, moderate, or scanty manner in which the advancing, stationary, or declining circumstances of the society oblige his employers to maintain him.

It regulates the money price of all the other parts of the rude produce of land, which, in every period of improvement, must bear a certain proportion to that of corn, though this proportion is different in different periods. It regulates, for example, the money price of grass and hay, of butcher's-meat, of horses, and the maintenance of horses, of land carriage consequently, or of the greater part of the inland commerce of the country.

By regulating the money price of all the other parts of the rude produce of land, it regulates that of the materials of almost all manufactures. By regulating the money price of labour, it regulates that of manufacturing art and industry. And by regulating both, it regulates that of the complete manufacture. The money price of labour, and of everything that is the produce either of land or labour, must necessarily either rise or fall in proportion to the money price of corn.

Though in consequence of the bounty, therefore, the farmer should be enabled to sell his corn for four shillings a bushel instead of three and sixpence, and to pay his landlord a money rent proportionable to this rise in the money price of his produce, yet if, in consequence of this rise in the price of corn, four shillings will purchase no more home-made goods of any other kind than three and sixpence would have done before, neither the circum-

them a part of the capital of the country is employed in bringing goods to market, of which the price does not repay the cost, together with the ordinary profits of stock

But though the tonnage bounties to those fisheries do not contribute to the opulence of the nation, it may perhaps be thought that they contribute to its defence, by augmenting the number of its sailors and shipping. This, it may be alleged, may sometimes be done by means of such bounties at a much smaller expense than by keeping up a great standing navy, if I may use such an expression, in the same way as a standing army

Notwithstanding these favourable allegations, however, the following considerations dispose me to believe, that in granting at least one of these bounties, the legislature has been very grossly imposed upon

First, the herring buss bounty seems too large

From the commencement of this winter fishing, 1771, to the end of the winter fishing, 1781, the tonnage bounty upon the herring buss fishery, has been at thirty shillings the ton. During these eleven years the whole number of barrels caught by the herring buss fishery of Scotland amounted to 378,347. The herrings caught and cured at sea, are called sea sticks. In order to render them what are called merchantable herrings, it is necessary to repack them with an additional quantity of salt, and in this case it is reckoned, that three barrels of sea sticks are usually repacked into two barrels of merchantable herrings. The number of barrels of merchantable herrings, therefore, caught during these eleven years, will amount only, according to this account, to 252,231 $\frac{1}{2}$. During these eleven years the tonnage bounties paid amounted to £155,463, 11s, or 8s 2 $\frac{1}{2}$ d upon every barrel of sea sticks, and 12s 3 $\frac{1}{2}$ d upon every barrel of merchantable herrings.

The salt with which these herrings are cured, is sometimes Scotch, and sometimes foreign salt, both which are delivered free of all excise duty to the fish-curers. The excise duty upon Scotch salt is at present 1s 6d, that upon foreign salt 10s the bushel. A barrel of herrings is supposed to require about one bushel and one fourth of a bushel foreign salt. Two bushels are the supposed average of Scotch salt. If the herrings are entered for exportation, no part of this duty is paid up, if entered for home consumption, whether the herrings are cured with foreign or Scotch salt, only one shilling the barrel is paid up. It was the whole Scotch duty upon a bushel of salt, the quantity which, at a low estimation, had been supposed necessary for curing a barrel of herrings. In Scotland, foreign salt is very little used for any other purpose but the curing of fish. But from the 5th April, 1771, to the 5th April, 1782, the quantity of foreign salt imported amounted to 936,974 bushels, at 84 lbs the bushel. the quantity of Scotch

salt delivered from the works to the fish-curers, to no more than 168,226, at 56 lbs the bushel only. It would appear, therefore, that it is principally foreign salt that is used in the fisheries. Upon every barrel of herrings exported there is, besides, a bounty of 2s 8d, and more than two-thirds of the buss-caught herrings are exported. Put all these things together, and you will find that, during these eleven years, every barrel of buss-caught herrings, cured with Scotch salt, when exported, has cost government 17s 11 $\frac{1}{2}$ d., and when entered for home consumption 14s 3 $\frac{1}{2}$ d. and that every barrel when cured with foreign salt, when exported, has cost government £1 7s 5 $\frac{1}{2}$ d., and when entered for home consumption £1 3s 9 $\frac{1}{2}$ d. The price of a barrel of good merchantable herrings runs from 17 and 18 to 24s or 25s, about a guinea at an average.*

II. The bounty to the white herring fishery is a tonnage bounty, and is proportioned to the burden of the ship, not to her diligence or success in the fishery, and it has, I am afraid, been too common for vessels to fit out for the sole purpose of catching, not the fish, but the bounty. In the year 1759, when the bounty was at 50s the ton, the whole buss fishery of Scotland brought in only four barrels of sea sticks. In that year each barrel of sea sticks cost government in bounties alone £113 15s, each barrel of merchantable herrings, £159 7s 6d.

III. The mode of fishing for which this tonnage bounty in the white herring fishery has been given (by busses or decked vessels from 20 to 80 tons burden), seems not so well adapted to the situation of Scotland as to that of Holland, from the practice of which country it appears to have been borrowed. Holland lies at a great distance from the seas to which herrings are known principally to resort, and can carry on that fishery only in decked vessels, which can carry water and provisions sufficient for a voyage to a distant sea. But the Hebrides or Western Islands, the islands of Shetland, and the N and NW coasts of Scotland, the countries in whose neighbourhood the herring fishery is principally carried on, are everywhere intersected by arms of the sea, which run up a considerable way into the land, and which, in the language of the country, are called sea-lochs. It is to these sea-lochs that the herrings principally resort during the seasons in which they visit those seas, for the visits of this, and, I am assured, of many other sorts of fish, are not quite regular and constant. A boat fishery, therefore, seems to be the mode of fishing best adapted to the peculiar situation of Scotland—the fishers carrying the herrings on shore, as fast as they are taken, to be either cured or consumed fresh. But the great encouragement which a bounty of 50s the ton gives to the buss fishery, is necessarily a dis-

* See the accounts at the end of this section.

beginning of the season, or, if they bring it thither, it enables the people, and thereby encourages them, to consume it so fast, as must necessarily produce a famine before the end of the season. The unlimited, unrestrained freedom of the corn trade, as it is the only effectual preventative of the miseries of a famine, so it is the best palliative of the inconveniences of a dearth for the inconveniences of a real scarcity cannot be remedied, they can only be palliated. No trade deserves more the full protection of the law, and no trade requires it so much, because no trade is so much exposed to popular odium.

In years of scarcity the inferior ranks of people impute their distress to the avarice of the corn merchant, who becomes the object of their hatred and indignation. Instead of making profit upon such occasions, therefore, he is often in danger of being utterly ruined, and of having his magazines plundered and destroyed by their violence. It is in years of scarcity, when prices are high, that the corn merchant expects to make his principal profit. He is generally in contract with some farmers to furnish him for a certain number of years with a certain quantity of corn at a certain price. This contract price is settled according to what is supposed to be the moderate and reasonable, that is, the ordinary or average price, which, before the late years of scarcity, was commonly about 28s for the quarter of wheat, and for that of other grain in proportion. In years of scarcity, therefore, the corn merchant buys a great part of his corn for the ordinary price, and sells it for a much higher. That this extraordinary profit, however, is no more than sufficient to put his trade upon a fair level with other trades, and to compensate the many losses which he sustains upon other occasions, both from the perishable nature of the commodity itself, and from the frequent and unforeseen fluctuations of its price, seems evident enough, from this single circumstance, that great fortunes are as seldom made in this as in any other trade. The popular odium, however, which attends it in years of scarcity, the only years in which it can be very profitable, renders people of character and fortune averse to enter into it. It is abandoned to an inferior set of dealers, and millers, bakers, mealmen, and meal factors, together with a number of wretched hucksters, are almost the only middle people that, in the home market, come between the grower and the consumer.

The ancient policy of Europe, instead of discountenancing this popular odium against a trade so beneficial to the public, seems, on the contrary, to have authorized and encouraged it.

By the 5th and 6th of Ed VI cap 14, it was enacted, that whoever should buy any corn or grain with intent to sell it again, should be reputed an unlawful engrosser, and should, for the first fault, suffer 2 months' imprisonment, and forfeit the value of the

corn, for the second, suffer 6 months' imprisonment, and forfeit double the value, and for the third, be set in the pillory, be imprisoned during the king's pleasure, and forfeit all his goods and chattels. The ancient policy of most of the other parts of Europe was no better than that of England.

Our ancestors seem to have imagined that the people would buy their corn cheaper of the farmer than of the corn merchant, who, they were afraid, would require, over and above the price which he paid to the farmer, an exorbitant profit to himself. They endeavoured, therefore, to annihilate his trade altogether. They even endeavoured to hinder as much as possible any middle man of any kind from coming in between the grower and the consumer, and this was the meaning of the many restraints which they imposed upon the trade of those whom they called *kidders* or carriers of corn, a trade which nobody was allowed to exercise without a license ascertaining his qualifications as a man of probity and fair dealing. The authority of three justices of the peace was, by the statute of Edward VI, necessary, in order to grant this license. But even this restraint was afterwards thought insufficient, and by a statute of Elizabeth, the privilege of granting it was confined to the quarter sessions.

The ancient policy of Europe endeavoured in this manner to regulate agriculture, the great trade of the country, by maxims quite different from those which it established with regard to manufactures, the great trade of the towns. By leaving the farmer no other customers but either the consumers or their immediate factors, the *kidders* and carriers of corn, it endeavoured to force him to exercise the trade, not only of a farmer, but of a corn merchant or corn retailer. On the contrary, it in many cases prohibited the manufacturer from exercising the trade of a shopkeeper, or from selling his own goods by retail. It meant by the one law to promote the general interest of the country, or to render corn cheap, without, perhaps, its being well understood how this was to be done. By the other it meant to promote that of a particular order of men, the shopkeepers, who would be so much undersold by the manufacturer, it was supposed, that their trade would be ruined if he was allowed to retail at all.

The manufacturer, however, though he had been allowed to keep a shop, and to sell his own goods by retail, could not have undersold the common shopkeeper. Whatever part of his capital he might have placed in his shop, he must have withdrawn it from his manufacture. In order to carry on his business on a level with that of other people, as he must have had the profit of a manufacturer on the one part, so he must have had that of a shopkeeper upon the other. Let us suppose, for example, that in the particular town where he lived, ten per cent was the ordinary

only in times of very great scarcity, and the latter has, so far as I know, not taken place at all. Yet, till wheat had risen above this latter price, it was by this statute subjected to a very high duty, and, till it had risen above the former, to a duty which amounted to a prohibition. The importation of other sorts of grain was restrained at rates, and by duties, in proportion to the value of the grain, almost equally high.* Subsequent laws still further increased those duties.

The distress which, in years of scarcity, the strict execution of those laws might have brought upon the people, would probably have been very great. But, upon such occasions, its execution was generally suspended by temporary statutes, which permitted, for a limited time, the importation of foreign corn. The necessity of these temporary statutes sufficiently demonstrates the impropriety of this general one.

These restraints upon importation, though prior to the establishment of the bounty, were dictated by the same spirit, by the same principles, which afterwards enacted that regulation. How hurtful soever in themselves, these or some other restraints upon importation became necessary in consequence of that regulation. If, when wheat was either below 48s the quarter, or not much above it, foreign corn could have been imported, either duty free, or upon paying only a small duty, it might have been exported again, with the benefit of the bounty, to the great loss of the public revenue, and to the entire perversion of the institution, of which the object was to extend the market for the home growth, not that for that of foreign countries.

III The trade of the merchant exporter of corn for foreign consumption, certainly does not contribute directly to the plentiful supply of the home market. It does so, however, indirectly. From whatever source this supply may be usually drawn, whether from home growth or from foreign importation, unless more corn is either usually grown, or usually imported into the country, than what is usually consumed in it, the supply of the home market can

* Before the 13th of the present king, the following were the duties payable upon the importation of the different sorts of grain —

Grain	Duties	Duties	Duties
Beans to 28s per qr	19s 10d after till 40s	- 16s 8d then 12d	
Barley to 28s	19s 10d	32s	- 16s 12d
Malt is prohibited by the annual Malt tax Bill			
Oats to 16s	5s 10d after		9 $\frac{1}{2}$ d
Pease to 40s	16s od after		9 $\frac{1}{2}$ d
Rye to 36s	19s 10d till 40s	- 16s 8a then 12d	
Wheat to 44s	21s 9d till 53s 4d	- 17s then 8s	
	till £4 and after that about 1s 4d		
Buck wheat to 32s per qr	to pay 16s		

These different duties were imposed, partly by 22nd Charles II in place of the Old Subsidy, partly by the New Subsidy, by the One-third and Two-third Subsidy, and by that Subsidy of 1747.

never be very plentiful. But unless the surplus can, in all ordinary cases, be exported, the growers will be careful never to grow more, and the importers never to import more, than what the bare consumption of the home market requires. That market will very seldom be overstocked, but it will generally be understocked, the people, whose business it is to supply it, being generally afraid lest their goods should be left upon their hands. The prohibition of exportation limits the improvement and cultivation of the country to what the supply of its inhabitants requires. The freedom of exportation enables it to extend cultivation for the supply of foreign nations.

By the 12th Chas II, c. 4, the exportation of corn was permitted whenever the price of wheat did not exceed 40s the quarter, and that of other grain in proportion. By the 15th of the same prince, this liberty was extended till the price of wheat exceeded 48s the quarter, and by the 22nd to all higher prices. A poundage, indeed, was to be paid to the king upon such exportation. But all grain was rated so low in the book of rates, that this poundage amounted only upon wheat to a shilling, upon oats to fourpence, and upon all other grain to sixpence the quarter. By the 1st of William and Mary, the act which established the bounty, this small duty was virtually taken off whenever the price of wheat did not exceed 48s the quarter, and by the 11th and 12th of William III c. 20, it was expressly taken off at all higher prices.

The trade of the merchant exporter was, in this manner, not only encouraged by a bounty, but rendered much more free than that of the inland dealer. By the last of these statutes, corn could be engrossed at any price for exportation, but it could not be engrossed for inland sale, except when the price did not exceed 48s the quarter. The interest of the inland dealer, it has been shown, can never be opposite to that of the great body of the people. That of the merchant exporter may, and, in fact, sometimes is. If, while his own country labours under a dearth, a neighbouring country should be afflicted with a famine, it might be his interest to carry corn to the latter country in such quantities as might very much aggravate the calamities of the dearth. The plentiful supply of the home market was not the direct object of those statutes, but, under the pretence of encouraging agriculture, to raise the money price of corn as high as possible, and thereby to occasion, as much as possible, a constant dearth in the home market. By the discouragement of importation, the supply of that market, even in times of great scarcity, was confined to the home growth, and by the encouragement of exportation, when the price was so high as 48s the quarter, that market was not, even in times of considerable scarcity, allowed to enjoy the whole

Britain shall, in her own name, and that of her successors, be obliged, for ever hereafter, to admit the wines of the growth of Portugal into Britain so that at no time, whether there shall be peace or war between the kingdoms of Britain and France, anything more shall be demanded for these wines by the name of custom or duty, or by whatsoever other title, directly or indirectly, whether they shall be imported into Great Britain in pipes or hogsheads, or other casks, than what shall be demanded for the like quantity or measure of French wine, deducting or abating a third part of the custom or duty. But if at any time this deduction or abatement of customs, which is to be made as aforesaid, shall in any manner be attempted and prejudiced, it shall be just and lawful for His Sacred Royal Majesty of Portugal, again to prohibit the woollen cloths and the rest of the British woollen manufactures.

ART III The Most Excellent Lords the Plenipotentiaries promise and take upon themselves, that their above-named masters shall ratify this treaty, and within the space of two months the ratification shall be exchanged.

By this treaty the crown of Portugal becomes bound to admit the English woollens upon the same footing as before the prohibition, that is, not to raise the duties which had been paid before that time. But it does not become bound to admit them upon any better terms than those of any other nation, of France or Holland for example. The crown of Great Britain, on the contrary, becomes bound to admit the wines of Portugal, upon paying only two-thirds of the duty, which is paid for those of France, the wines most likely to come into competition with them. So far this treaty, therefore, is evidently advantageous to Portugal and disadvantageous to Great Britain.

It has been celebrated, however, as a masterpiece of the commercial policy of England. Portugal receives annually from the Brazils a greater quantity of gold than can be employed in its domestic commerce, whether in the shape of coin or of plate. The surplus is too valuable to be allowed to lie idle and locked up in coffers, and as it can find no advantageous market at home, it must, notwithstanding any prohibition, be sent abroad, and exchanged for something for which there is a more advantageous market at home. A large share of it comes annually to England, in return for English goods, or for those of other European nations that receive their returns through England. Mr Baretto was informed that the weekly packet-boat from Lisbon brings, one week with another, more than £50,000 in gold to England. The sum had probably been exaggerated. It would amount to more than £2,600,000 a year, which is more than the Brazils are supposed to afford.

Our merchants were some years ago out of humour with the crown of Portugal. Some privileges which had been granted them, not by treaty, but by the free grace of that crown, at the solicitation, indeed, it is probable, and in return for much greater favours, defence and protection from the crown of Great Britain, had been either infringed or revoked. The people therefore usually most interested in celebrating the Portugal trade, were then rather disposed to represent it as less advantageous than it had commonly been imagined. The far greater part, almost the whole, they pretended, of this annual importation of gold, was not on account of Great Britain, but of other European nations, the fruits and wines of Portugal annually imported into Great Britain nearly compensating the value of the British goods sent thither.

Let us suppose that the whole was on account of Great Britain, and that it amounted to a still greater sum than Mr Baretti seems to imagine. This trade would not, upon that account, be more advantageous than any other in which, for the same value sent out, we received an equal value of consumable goods in return.

It is but a very small part of this importation which, it can be supposed, is employed as an annual addition either to the plate or to the coin of the kingdom. The rest must all be sent abroad and exchanged for consumable goods of some other kind or other. But if those consumable goods were purchased directly with the produce of English industry, it would be more for the advantage of England, than first to purchase with that produce the gold of Portugal, and afterwards to purchase with that gold those consumable goods. A direct foreign trade of consumption is always more advantageous than a round-about one, and to bring the same value of foreign goods to the home market, requires a much smaller capital in the one way than in the other. If a smaller share of its industry had been employed in producing goods fit for the Portugal market, and a greater in producing those fit for the other markets, where those consumable goods for which there is a demand in Great Britain are to be had, it would have been more for the advantage of England. To procure both the gold, which it wants for its own use, and the consumable goods, would in this way employ a much smaller capital than at present. There would be a spare capital therefore to be employed for other purposes, in exciting an additional quantity of industry, and in raising a greater annual produce.

Though Britain was entirely excluded from the Portugal trade, it could find very little difficulty in procuring all the annual supplies of gold which it wants, either for the purpose of plate, or of coin, or of foreign trade. Gold, like every other commodity, is always somewhere or another to be got for its value by those who have that value to give for it. The annual surplus of gold in Por-

seignorage of four or five per cent upon the gold coin, it would probably, even in the state in which things then were, have put an effectual stop to the business both of exportation and of the melting pot. The bank, instead of losing every year about two and a half per cent upon the bullion which was to be coined into more than £850,000, or incurring an annual loss of more than £21,250, would not probably have incurred the tenth part of that loss.

There revenue allotted by parliament for defraying the expense of the coinage is but £14,000 a year, and the real expense which it costs the government, or the fees of the officers of the mint, do not upon ordinary occasions, I am assured, exceed the half of that sum. The saving of so very small a sum, or even the gaining of another which could not well be much larger, are objects too inconsiderable, it may be thought, to deserve the serious attention of government. But the saving of £18,000 or £20,000 pounds a year in case of an event which is not improbable, which has frequently happened before, and which is very likely to happen again, is surely an object which well deserves the serious attention even of so great a company as the Bank of England.

Some of the foregoing reasonings and observations might perhaps have been more properly placed in those chapters of the first book which treat of the origin and use of money, and of the difference between the real and the nominal price of commodities. But as the law for the encouragement of coinage derives its origin from those vulgar prejudices which have been introduced by the mercantile system, I judged it more proper to reserve them for this chapter. Nothing could be more agreeable to the spirit of that system than a sort of bounty upon the production of money, the very thing which, it supposes, constitutes the wealth of every nation. It is one of its many admirable expedients for enriching the country.

CHAP VII.—*Of Colonies*

PART I.—*Of the Motives for establishing new Colonies*—The interest which occasioned the first settlement of the different European colonies in America and the West Indies, was not altogether so plain and distinct as that which directed the establishment of those of ancient Greece and Rome.

All the different states of ancient Greece possessed, each of them but a very small territory, and when the people in any one of them multiplied beyond what that territory could easily maintain, a part of them were sent in quest of a new habitation in some remote and distant part of the world, the warlike neighbours who surrounded them on all sides, rendering it difficult for any of them to enlarge very much its territory at home. The colonies of the Dorians resorted chiefly to Italy and Sicily, which, in the times preceding the

foundation of Rome, were inhabited by barbarous and uncivilized nations those of the Ionians and Eolians, the two other great tribes of the Greeks, to Asia Minor and the islands of the Egean sea, of which the inhabitants seem at that time to have been pretty much in the same state as those of Sicily and Italy. The mother city, though she considered the colony as a child, at all times entitled to great favour and assistance, and owing in return much gratitude and respect, yet considered it as an emancipated child, over whom she pretended to claim no direct authority or jurisdiction. The colony settled its own form of government, enacted its own laws, elected its own magistrates, and made peace or war with its neighbours as an independent state, which had no occasion to wait for the approbation or consent of the mother city. Nothing can be more plain and distinct than the interest which directed every such establishment.

Rome, like most of the other ancient republics, was originally founded upon an agrarian law, which divided the public territory in a certain proportion among the different citizens who composed the state. The course of human affairs, by marriage, by succession, and by alienation, necessarily deranged this original division, and frequently threw the lands, which had been allotted for the maintenance of many different families, into the possession of a single person. To remedy this disorder, for such it was supposed to be, a law was made, restricting the quantity of land which any citizen could possess to 500 jugera, about 350 English acres. This law, however, though we read of its having been executed upon one or two occasions, was either neglected or evaded, and the inequality of fortunes went on continually increasing. The greater part of the citizens had no land, and without it the manners and customs of those times rendered it difficult for a freeman to maintain his independency. In the present times, though a poor man has no land of his own, if he has a little stock, he may either farm the lands of another, or he may carry on some little retail trade, and if he has no stock, he may find employment either as a country labourer or as an artificer. But, among the ancient Romans, the lands of the rich were all cultivated by slaves, who wrought under an overseer, who was likewise a slave, so that a poor freeman had little chance of being employed either as a farmer or as a labourer. All trades and manufactures, too, even the retail trade, were carried on by the slaves of the rich for the benefit of their masters, whose wealth, authority, and protection made it difficult for a poor freeman to maintain the competition against them. The citizens, therefore, who had no land, had scarce any other means of subsistence but the bounties of the candidates at the annual elections. The tribunes, when they had a mind to animate the people against the rich and the great, put them in

Brazils before any silver, gold, or diamond mines were discovered there. In the English, French, Dutch, and Danish colonies, none have ever yet been discovered, at least none that are at present supposed to be worth the working. The first English settlers in North America, however, offered a fifth of all the gold and silver which should be found there to the king, as a motive for granting them their patents. In the patents to Sir Walter Raleigh, to the London and Plymouth companies, to the council of Plymouth, etc., this fifth was accordingly reserved to the crown. To the expectation of finding gold and silver mines, those first settlers, too, joined that of discovering a north west passage to the East Indies. They have hitherto been disappointed in both.

PART II—Causes of the Progress of new Colonies.—The colony of a civilized nation which takes possession either of a waste country, or of one so thinly inhabited that the natives easily give place to the new settlers advances more rapidly to wealth and greatness than any other human society.

The colonists carry out with them a knowledge of agriculture and of other useful arts superior to what in grow up of its own accord in the course of many centuries among savage and barbarous nations. They carry out with them, too, the habit of subordination, some notion of the regular government which takes place in their own country, of the system of laws which supports it, and of a regular administration of justice, and they naturally establish something of the same kind in a new settlement. But among savage and barbarous nations the natural progress of law and government is still slower than the natural progress of arts, after law and government have been so far established as is necessary for their protection. Every colonist gets more land than he can possibly cultivate. He has no rent and scarce any taxes to pay. No landlord shares with him in its produce, and the share of the sovereign is commonly but a trifle. He has every motive to render as great as possible a produce which is thus to be almost entirely his own. But his land is commonly so extensive that, with all his own industry, and with all the industry of other people whom he can get to employ, he can seldom make it produce the tenth part of what it is capable of producing. He is eager, therefore, to collect labourers from all quarters, and to reward them with the most liberal wages. But those liberal wages, joined to the plenty and cheapness of land, soon make those labourers leave him, in order to become landlords themselves, and to reward them equal liberality, other labourers, who soon leave them for the same reason that they left their first master. The liberal reward of labour encourages marriage. The children, during the tender years of infancy, are well fed and properly taken care of, and when

they are grown up the value of their labour greatly overpays their maintenance When arrived at maturity, the high price of labour and the low price of land enable them to establish themselves in the same manner as their fathers did before them

In other countries, rent and profit eat up wages, and the two superior orders of people oppress the inferior one But in new colonies the interest of the two superior orders obliges them to treat the inferior one with more generosity and humanity, at least where that inferior one is not in a state of slavery Waste lands of the greatest natural fertility are to be had for a trifle The increase of revenue which the proprietor, who is always the undertaker, expects from their improvement constitutes his profit, which in these circumstances is commonly very great But this great profit cannot be made without employing the labour of other people in clearing and cultivating the land, and the disproportion between the great extent of the land and the small number of the people, which commonly takes place in new colonies, makes it difficult for him to get this labour He does not, therefore, dispute about wages, but is willing to employ labour at any price The high wages of labour encourage population The cheapness and plenty of good land encourage improvement, and enable the proprietor to pay those high wages In those wages consists almost the whole price of the land, and though they are high, considered as the wages of labour, they are low, considered as the price of what is so very valuable What encourages the progress of population and improvement encourages that of real wealth and greatness

The progress of many of the ancient Greek colonies towards wealth and greatness seems accordingly to have been very rapid In the course of a century or two several of them appear to have rivalled, and even to have surpassed, their mother cities Syracuse and Agrigentum in Sicily, Tarentum and Locri in Italy, Ephesus and Miletus in Lesser Asia, appear by all accounts to have been at least equal to any of the cities of ancient Greece Though posterior in their establishment, yet all the arts of refinement, philosophy, poetry, and eloquence seem to have been cultivated as early, and to have been improved as highly in them as in any part of the mother country The schools of the two oldest Greek philosophers, those of Thales and Pythagoras, were established, it is remarkable, not in ancient Greece, but the one in an Asiatic, the other in an Italian colony All those colonies had established themselves in countries inhabited by savage and barbarous nations, who easily gave place to the new settlers They had plenty of good land, and as they were altogether independent of the mother city, they were at liberty to manage their own affairs in the way that they judged was most suitable to their own interest

The history of the Roman colonies is by no means so brilliant. Some of them, indeed, such as Florence, have, in the course of many ages, and after the fall of the mother city, grown up to be considerable states. But the progress of no one of them seems ever to have been very rapid. They were all established in conquered provinces, which, in most cases, had been fully-inhabited before. The quantity of land assigned to each colonist was seldom very considerable, and as the colony was not independent, they were not always at liberty to manage their own affairs in the way that they judged was most suitable to their own interest.

In the plenty of good land, the European colonies established in America and the West Indies resemble, and even greatly surpass, those of ancient Greece. In their dependency upon the mother state, they resemble those of ancient Rome, but their great distance from Europe has in all of them alleviated more or less the effects of this dependency. Their situation has placed them less in the view and less in the power of their mother country. In pursuing their interest their own way, their conduct has upon many occasions been overlooked, either because not known or not understood in Europe, and upon some occasions it has been fairly suffered and submitted to, because their distance rendered it difficult to restrain it. Even the violent and arbitrary government of Spain has upon many occasions been obliged to recall or soften the orders which had been given for the government of her colonies, for fear of a general insurrection. The progress of all the European colonies in wealth, population, and improvement has accordingly been very great.

The crown of Spain, by its share of the gold and silver, derived some revenue from its colonies from the moment of their first establishment. It was a revenue, too, of a nature to excite in human avidity the most extravagant expectations of still greater riches. The Spanish colonies, therefore, from the moment of their first establishment, attracted very much the attention of their mother country, while those of the other European nations were for a long time in a great measure neglected. The former did not, perhaps, thrive the better in consequence of this attention, nor the latter the worse in consequence of this neglect. In proportion to the extent of the country which they in some measure possess, the Spanish colonies are considered as less populous and thriving than those of almost any other European nation. The progress even of the Spanish colonies, however, in population and improvement, has certainly been very rapid and very great. The city of Lima, founded since the conquest, is represented by Uloa as containing 50,000 inhabitants near thirty years ago. Quito, which had been but a miserable hamlet of Indians, is represented by the same author as in his time equally populous. Gemelli Carreri, a pre-

tended traveller, it is said, indeed, but who seems everywhere to have written upon extreme good information, represents the city of Mexico as containing 100,000 inhabitants, a number which, in spite of all the exaggerations of the Spanish writers, is probably more than five times greater than what it contained in the time of Montezuma. These numbers exceed greatly those of Boston, New York, and Philadelphia, the three greatest cities of the English colonies. Before the conquest of the Spaniards there were no cattle fit for draught, either in Mexico or Peru. The llama was their only beast of burden, and its strength seems to have been a good deal inferior to that of a common ass. The plough was unknown among them. They were ignorant of the use of iron. They had no coined money, nor any established instrument of commerce of any kind. Their commerce was carried on by barter. A sort of wooden spade was their principal instrument of agriculture. Sharp stones served them for knives and hatchets to cut with; fish bones and the hard sinews of certain animals served them for needles to sew with, and these seem to have been their principal instruments of trade. In this state of things, it seems impossible that either of those empires could have been so much improved or so well cultivated as at present, when they are plentifully furnished with all sorts of European cattle, and when the use of iron, of the plough, and of many of the arts of Europe, has been introduced among them. But the populousness of every country must be in proportion to the degree of its improvement and cultivation. In spite of the cruel destruction of the natives which followed the conquest, these two great empires are probably more populous now than they ever were before, and the people are surely very different, for we must acknowledge, I apprehend, that the Spanish creoles are in many respects superior to the ancient Indians.

After the settlements of the Spaniards, that of the Portuguese in Brazil is the oldest of any European nation in America. But as for a long time after the first discovery, neither gold nor silver mines were found in it, and as it afforded, upon that account, little or no revenue to the crown, it was for a long time in a great measure neglected, and during this state of neglect, it grew up to be a great and powerful colony. While Portugal was under the dominion of Spain, Brazil was attacked by the Dutch, who got possession of seven of the fourteen provinces into which it is divided. They expected soon to conquer the other seven, when Portugal recovered its independency, by the elevation of the family of Braganza to the throne. The Dutch then, as enemies of the Spaniards, became friends to the Portuguese, who were likewise the enemies of the Spaniards. They agreed, therefore, to leave that part of Brazil, which they had not conquered, to the king of

Portugal, who agreed to leave that part which they had conquered to them, as a matter not worth disputing about with such good allies. But the Dutch government soon began to oppress the Portuguese colonists, who, instead of amusing themselves with complaints, took arms against their new masters, and by their own valour and resolution, with the connivance, indeed, but without any avowed assistance from the mother country, drove them out of Brazil. The Dutch, therefore, finding it impossible to keep any part of the country to themselves, were contented that it should be entirely restored to the crown of Portugal. In this colony there are said to be more than 600,000 people, either Portuguese, or descended from Portuguese, creoles, mulattoes, and a mixed race between Portuguese and Brazilians. No one colony in America is supposed to contain so great a number of people of European extraction.

Towards the end of the fifteenth, and during the greater part of the sixteenth century, Spain and Portugal were the two great naval powers upon the ocean, for though the commerce of Venice extended to every part of Europe, its fleets had scarce ever sailed beyond the Mediterranean. The Spaniards, in virtue of the first discovery, claimed all America as their own, and though they could not hinder so great a naval power as that of Portugal from settling in Brazil, such was at that time the terror of their name, that the greater part of the other nations of Europe were afraid to establish themselves in any other part of that great continent. The French who attempted to settle in Florida were all murdered by the Spaniards. But the declension of the naval power of this latter nation, in consequence of the defeat or miscarriage of what they called their Invincible Armada, which happened towards the end of the sixteenth century, put it out of their power to obstruct any longer the settlements of the other European nations. In the course of the seventeenth century, therefore, the English, French, Dutch, Danes, and Swedes, all the great nations who had any ports upon the ocean, attempted to make some settlement in the New World.

The Swedes established themselves in New Jersey, and the number of Swedish families still to be found there, sufficiently demonstrates that this colony was very likely to prosper, had it been protected by the mother country. But being neglected by Sweden, it was soon swallowed up by the Dutch colony of New York, which, again, in 1674, fell under the dominion of the English.

The small islands of St. Thomas and Santa Cruz are the only countries in the New World that have ever been possessed by the Danes. These little settlements, too, were under the government of an exclusive company, which had the sole right, both of purchasing the surplus produce of the colonists, and of supplying them

with such goods of other countries as they wanted, and which, therefore, both in its purchases and sales, had not only the power of oppressing them, but the greatest temptation to do so. The government of an exclusive company of merchants is, perhaps, the worst of all governments for any country whatever. It was not, however, able to stop altogether the progress of these colonies, though it rendered it more slow and languid. The late king of Denmark dissolved this company, and since that time the prosperity of these colonies has been very great.

The Dutch settlements in the West, as well as those in the East Indies, were originally put under the government of an exclusive company. The progress of some of them, therefore, though it has been considerable in comparison with that of almost any country that has been long peopled and established, has been languid and slow in comparison with that of the greater part of new colonies. The colony of Surinam, though very considerable, is still inferior to the greater part of the sugar colonies of the other European nations. The colony of Nova Belgia, now divided into the two provinces of New York and New Jersey, would probably have soon become considerable, too, even though it had remained under the government of the Dutch. The plenty and cheapness of good land are such powerful causes of prosperity, that the very worst government is scarce capable of checking altogether the efficacy of their operation. The great distance, too, from the mother country would enable the colonists to evade more or less, by smuggling, the monopoly which the company enjoyed against them. At present the company allows all Dutch ships to trade to Surinam upon paying two and a-half per cent upon the value of their cargo for a licence, and only reserves to itself exclusively the direct trade from Africa to America, which consists almost entirely in the slave trade. This relaxation in the exclusive privileges of the company, is probably the principal cause of that degree of prosperity which that colony at present enjoys. Curaçoa and Eustatia, the two principal islands belonging to the Dutch, are free ports, open to the ships of all nations, and this freedom, in the midst of better colonies whose ports are open to those of one nation only, has been the great cause of the prosperity of those two barren islands.

The French colony of Canada was, during the greater part of the last century, and some part of the present, under the government of an exclusive company. Under so unsavourable an administration its progress was necessarily very slow in comparison with that of other new colonies, but it became much more rapid when this company was dissolved after the fall of what is called the Mississippi scheme. When the English got possession of this country, they found in it near double the number of inhabitants which Father Charlevoix had assigned to it between twenty and

thirty years before That Jesuit had travelled over the whole country, and had no inclination to represent it as less considerable than it really was

The French colony of St Domingo was established by pirates and freebooters, who, for a long time, neither required the protection nor acknowledged the authority of France, and when that race of banditti became so far citizens as to acknowledge this authority, it was for a long time necessary to exercise it with very great gentleness. During this period the population and improvement of this colony increased very fast. Even the oppression of the exclusive company, to which it was for some time subjected, with all the other colonies of France, though it no doubt retarded, had not been able to stop its progress altogether. The course of its prosperity returned as soon as it was relieved from that oppression. It is now the most important of the sugar colonies of the West Indies, and its produce is said to be greater than that of all the English sugar colonies put together. The other sugar colonies of France are in general all very thriving.

But there are no colonies of which the progress has been more rapid than that of the English in North America.

Plenty of good land, and liberty to manage their own affairs their own way, seem to be the two great causes of the prosperity of all new colonies. In the plenty of good land the English colonies of North America, though no doubt very abundantly provided, are inferior to those of the Spaniards and Portuguese, and not superior to some of those possessed by the French before the late war. But the political institutions of the English colonies have been more favourable to the improvement and cultivation of this land than those of any of the other three nations.

I. The engrossing of uncultivated land, though it has by no means been prevented altogether, has been more restrained in the English colonies than in any other. The colony law which imposes upon every proprietor the obligation of improving and cultivating, within a limited time, a certain proportion of his lands, and which, in case of failure, declares those neglected lands grantable to any other person, though it has not, perhaps, been very strictly executed, has, however, had some effect.

II. In Pennsylvania there is no right of primogeniture, and lands, like movables, are divided equally among all the children of the family. In three of the provinces of New England the oldest has only a double share, as in the Mosaical law. Though in those provinces, therefore, too great a quantity of land should sometimes be engrossed by a particular individual, it is likely, in the course of a generation or two, to be sufficiently divided again. In the other English colonies, indeed, the right of primogeniture takes place, as in the law of England. But in all the English

colonies the tenure of the lands, which are held by free socage, facilitates alienation, and the grantee of any extensive tract of land generally finds it for his interest to alienate as fast as he can the greater part of it, reserving only a small quit-rent. In the Spanish and Portuguese colonies, what is called the right of Majorazzo (Jus Majoratus) takes place in the succession of all those great estates to which any title of honour is annexed. Such estates go all to one person, and are in effect entailed, and unalienable. The French colonies, indeed, are subject to the custom of Paris, which, in the inheritance of land, is much more favourable to the younger children than the law of England. But, in the French colonies, if any part of an estate, held by the noble tenure of chivalry and homage, is alienated, it is for a limited time, subject to the right of redemption, either by the heir of the superior or by the heir of the family, and all the largest estates of the country are held by such noble tenures, which necessarily embarrass alienation. But, in a new colony, a great uncultivated estate is likely to be much more speedily divided by alienation than by succession. The plenty and cheapness of good land, it has been already observed, are the principal causes of the rapid prosperity of new colonies. The engrossing of land, in effect, destroys this plenty and cheapness. The engrossing of uncultivated land besides, is the greatest obstruction to its improvement. But the labour that is employed in the improvement and cultivation of land affords the greatest and most valuable produce to the society. The produce of labour, in this case, pays not only its own wages, and the profit of the stock which employs it, but the rent of the land, too, upon which it is employed. The labour of the English colonists, therefore, being more employed in the improvement and cultivation of land, is likely to afford a greater and more valuable produce than that of any of the other three nations, which, by the engrossing of land, is more or less diverted towards other employments.

III The labour of the English colonists is not only likely to afford a greater and more valuable produce, but, in consequence of the moderation of their taxes, a greater proportion of this produce belongs to themselves, which they may store up and employ in putting into motion a still greater quantity of labour. The English colonists have never yet contributed anything toward the defence of the mother country, or towards the support of its civil government. They themselves, on the contrary, have hitherto been defended almost entirely at the expense of the mother country. But the expense of fleets and armies is out of all proportion greater than the necessary expense of civil government. The expense of their own civil government has always been very moderate. It has generally been confined to what was necessary for plying com-

petent salaries to the governor, to the judges, and to some other officers of police, and for maintaining a few of the most useful public works. The expense of the civil establishment of Massachusetts Bay, before the commencement of the present disturbances, used to be but about £18,000 a year. That of New Hampshire and Rhode Island £3,500 each, Connecticut £4,000, New York and Pennsylvania £4,500, New Jersey £1,200, Virginia and South Carolina £8,000 each. The civil establishments of Nova Scotia and Georgia are partly supported by an annual grant of parliament. But Nova Scotia pays besides about £7,000 a year towards the public expenses of the colony, and Georgia about £2,500 a year. All the different civil establishments in North America, in short, exclusive of those of Maryland and North Carolina, of which no exact account has been got, did not, before the commencement of the present disturbances, cost the inhabitants above £64,700 a year, an ever memorable example at how small an expense three millions of people may not only be governed, but well governed. The most important part of the expense of government, that of defence and protection, has constantly fallen upon the mother country. The ceremonial, too, of the civil government, in the colonies, upon the reception of a new governor, upon the opening of a new assembly, etc., though sufficiently decent, is not accompanied with any expensive pomp or parade. Their ecclesiastical government is conducted upon a plan equally frugal. Tithes are unknown among them, and their clergy, who are far from being numerous, are maintained either by moderate stipends, or by the voluntary contributions of the people. The power of Spain and Portugal, on the contrary, derives some support from the taxes levied upon their colonies. France, indeed, has never drawn any considerable revenue from its colonies, the taxes which it levies upon them being generally spent among them. But the colony government of all these three nations is conducted upon a much more expensive plan, and is accompanied with a much more expensive ceremonial. The sums spent upon the reception of a new viceroy of Peru, for example, have frequently been enormous. Such ceremonials are not only real taxes paid by the rich colonists upon those particular occasions, but they serve to introduce among them the habit of vanity and expense upon all other occasions. They are not only very grievous occasional taxes, but they contribute to establish perpetual taxes of the same kind still more grievous, the ruinous taxes of private luxury and extravagance. In the colonies of all those three nations, too, the ecclesiastical government is extremely oppressive. Tithes take place in all of them, and are levied with the utmost rigour in those of Spain and Portugal. All of them besides are oppressed with a numerous race of mendicant friars, whose beggary being not only licensed

but consecrated by religion, is a most grievous tax upon the poor people, who are most carefully taught that it is a duty to give and a very great sin to refuse them their charity Over and above all this, the clergy are, in all of them, the greatest engrossers of land

IV In the disposal of their surplus produce, or of what is over and above their own consumption, the English colonies have been more favoured, and have been allowed a more extensive market, than those of any other European nation Every European nation has endeavoured more or less to monopolize to itself the commerce of its colonies, and, upon that account, has prohibited the ships of foreign nations from trading to them, and has prohibited them from importing European goods from any foreign nation But the manner in which this monopoly has been exercised in different nations has been very different

Some nations have given up the whole commerce of their colonies to an exclusive company, of whom the colonies were obliged to buy all such European goods as they wanted, and to whom they were obliged to sell the whole of their own surplus produce It was the interest of the company, therefore, not only to sell the former as dear, and to buy the latter as cheap as possible, but to buy no more of the latter, even at this low price, than what they could dispose of for a very high price in Europe It was their interest, not only to degrade in all cases the value of the surplus produce of the colony, but in many cases to discourage and keep down the natural increase of its quantity Of all the expedients that can well be contrived to stunt the natural growth of a new colony, that of an exclusive company is undoubtedly the most effectual This, however, has been the policy of Holland, though their company, in the course of the present century, has given up in many respects the exertion of their exclusive privilege This, too, was the policy of Denmark till the reign of the late king It has occasionally been the policy of France, and of late, since 1755, after it had been abandoned by all other nations, on account of its absurdity, it has become the policy of Portugal, with regard at least to two of the principal provinces of Brazil, Pernambuco and Marannon

Other nations, without establishing an exclusive company, have confined the whole commerce of their colonies to a particular part of the mother country, from whence no ship was allowed to sail, but either in a fleet and at a particular season, or, if single, in consequence of a particular license, which in most cases was very well paid for This policy opened, indeed, the trade of the colonies to all the natives of the mother country, provided they traded from the proper port, at the proper season, and in the proper vessels But as all the different merchants who joined their stocks in order to fit out those licensed vessels would find it for their interest to

act in concert, the trade which was carried on in this manner would necessarily be conducted very nearly upon the same principles as that of an exclusive company. The profit of those merchants would be almost equally exorbitant and oppressive. The colonies would be ill supplied, and would be obliged both to buy very dear and to sell very cheap. This, however, till within these few years, has always been the policy of Spain, and the price of all European goods, accordingly, is said to have been enormous in the Spanish West Indies. At Quito, we are told by Ulloa, a pound of iron sold for about 4s-6d, and a pound of steel for about 6s. 9d. But it is chiefly in order to purchase European goods that the colonies part with their own produce. The more, therefore, they pay for the one, the less they really get for the other, and the dearness of the one is the same thing with the cheapness of the other. The policy of Portugal is in this respect the same as the ancient policy of Spain, with regard to all its colonies, except Pernambuco and Marannon, and with regard to these it has lately adopted a still worse.

Other nations leave the trade of their colonies free to all their subjects, who may carry it on from all the different ports of the mother country, and who have occasion for no other license than the common dispatches of the custom-house. In this case the number and dispersed situation of the different traders render it impossible for them to enter into any general combination, and their competition is sufficient to hinder them from making very exorbitant profits. Under so liberal a policy the colonies are enabled both to sell their own produce and to buy the goods of Europe at a reasonable price. But since the dissolution of the Plymouth company, when our colonies were but in their infancy, this has always been the policy of England. It has generally, too, been that of France, and has been uniformly so since the dissolution of what, in England, is commonly called the Mississippi company. The profits of the trade, therefore, which France and England carry on with their colonies, though, no doubt, somewhat higher than if the competition was free to all other nations, are, however, by no means exorbitant, and the price of European goods accordingly is not extravagantly high in the greater part of the colonies of either of those nations.

In the exportation of their own surplus produce, too, it is only with regard to certain commodities that the colonies of Great Britain are confined to the market of the mother country. These commodities having been enumerated in the act of navigation and in some other subsequent acts, have upon that account been called *enumerated commodities*. The rest are called *non-enumerated*, and may be exported directly to other countries, provided it is in British or plantation ships, of which the owners and three-fourths of the mariners are British subjects.

Among the non-enumerated commodities are some of the most important productions of America and the West Indies, grain of all sorts, lumber, salt provisions, fish, sugar, and rum

Grain is naturally the first and principal object of the culture of all new colonies. By allowing them a very extensive market for it, the law encourages them to extend this culture much beyond the consumption of a thinly-inhabited country, and thus to provide beforehand an ample subsistence for a continually increasing population.

In a country quite covered with wood, where timber consequently is of little or no value, the expense of clearing the ground is the principal obstacle to improvement. By allowing the colonies a very extensive market for their lumber, the law endeavours to facilitate improvement by raising the price of a commodity which would otherwise be of little value, and thereby enabling them to make some profit of what would otherwise be mere expense.

In a country neither half peopled nor half cultivated, cattle naturally multiply beyond the consumption of the inhabitants, and are often upon that account of little or no value. But it is necessary, it has already been shown, that the price of cattle should bear a certain proportion to that of corn before the greater part of the lands of any country can be improved. By allowing to American cattle, in all shapes, dead and alive, a very extensive market, the law endeavours to raise the value of a commodity of which the high price is so very essential to improvement. The good effects of this liberty must be somewhat diminished by the 4th of Geo III c 15, which puts hides and skins among the enumerated commodities, and thereby tends to reduce the value of American cattle.

To increase the shipping and naval power of Great Britain, by the extension of the fisheries of our colonies, is an object which the legislature seems to have had constantly in view. Those fisheries, upon this account, have had all the encouragement which freedom can give them, and they have flourished accordingly. The New England fishery, in particular, was, before the late disturbances, one of the most important, perhaps, in the world. The whale-fishery, which, notwithstanding an extravagant bounty, is in Great Britain carried on to so little purpose, that in the opinion of many people (which I do not, however, pretend to warrant) the whole produce does not much exceed the value of the bounties which are annually paid for it, is in New England carried on without any bounty to a very great extent. Fish is one of the principal articles with which the North Americans trade to Spain, Portugal, and the Mediterranean.

Sugar was originally an enumerated commodity which could be exported only to Great Britain. But in 1731, upon a representation of the sugar planters, its exportation was permitted to all parts

of the world. The restrictions, however, with which this liberty was granted, joined to the high price of sugar in Great Britain, have rendered it, in a great measure, ineffectual. Great Britain and her colonies still continue to be almost the sole market for all the sugar produced in the British plantations. Their consumption increases so fast, that, though in consequence of the increasing improvement of Jamaica, as well as of the Ceded Islands, the importation of sugar has increased very greatly within these twenty years, the exportation to foreign countries is said to be not much greater than before.

Rum is a very important article in the trade which the Americans carry on to the coast of Africa, from which they bring back negro slaves in return.

If the whole surplus produce of America in grain of all sorts, in salt provisions, and in fish, had been put into enumeration, and thereby forced into the market of Great Britain, it would have interfered too much with the produce of the industry of our own people. It was probably not so much from any regard to the interest of America, as from a jealousy of this interference, that those important commodities have not only been kept out of the enumeration, but that the importation into Great Britain of all grain, except rice, and of salt provisions, has, in the ordinary state of the law, been prohibited.

The non-enumerated commodities could originally be exported to all parts of the world. Lumber and rice, having been once put into the enumeration, when they were afterwards taken out of it, were confined, as to the European market, to the countries that lie south of Cape Finisterre. By 6th of Geo III c 52, all non-enumerated commodities were subjected to the like restriction. The parts of Europe which lie south of Cape Finisterre, are not manufacturing countries, and we were less jealous of the colony ships carrying home from them any manufactures which could interfere with our own.

- The enumerated commodities are of two sorts first, such as are either the peculiar produce of America, or as cannot be produced or, at least, are not produced, in the mother country. Of this kind are, molasses, coffee, cocoa-nuts, tobacco, pimento, ginger, whale fins, raw silk, cotton-wool, beaver, and other peltry of America, indigo, fustic, and other dyeing woods, secondly, such as are not the peculiar produce of America, but which are and may be produced in the mother country, though not in such quantities as to supply the greater part of her demand, which is principally supplied from foreign countries. Of this kind are all naval stores, masts, yards, and bowsprits, tar, pitch, and turpentine, pig and bar iron, copper ore, hides and skins, pot and pearl ashes. The largest importation of commodities of the first kind could not dis-

courage the growth or interfere with the sale of any part of the produce of the mother country. By confining them to the home market, our merchants, it was expected, would not only be enabled to buy them cheaper in the plantations, and consequently to sell them with a better profit at home, but to establish between the plantations and foreign countries an advantageous carrying trade, of which Great Britain was necessarily to be the centre or emporium, as the European country into which those commodities were first to be imported. The importation of commodities of the second kind might be so managed, too, it was supposed, as to interfere, not with the sale of those of the same kind which were produced at home, but with that of those which were imported from foreign countries, because, by means of proper duties, they might be rendered always somewhat dearer than the former, and yet a good deal cheaper than the latter. By confining such commodities to the home market, it was proposed to discourage the produce, not of Great Britain, but of some foreign countries with which the balance of trade was believed to be unfavourable to Great Britain.

The prohibition of exporting from the colonies, to any other country but Great Britain, masts, yards, and bowsprits, tar, pitch, and turpentine, naturally tended to lower the price of timber in the colonies, and consequently to increase the expense of clearing their lands, the principal obstacle to their improvement. In 1703, the pitch and tar company of Sweden endeavoured to raise the price of their commodities to Great Britain, by prohibiting their exportation, except in their own ships, at their own price, and in such quantities as they thought proper. In order to counteract this notable piece of mercantile policy, and to render herself as much as possible independent, not only of Sweden, but of all the other northern powers, Great Britain gave a bounty upon the importation of naval stores from America, and the effect of this bounty was to raise the price of timber in America, much more than the confinement to the home market could lower it, and as both regulations were enacted at the same time, their joint effect was rather to encourage than discourage the clearing of land in America.

Though pig and bar iron, too, have been put among the enumerated commodities, yet, as when imported from America they are exempted from considerable duties to which they are subjected when imported from any other country, the one part of the regulation contributes more to encourage the erection of furnaces in America, than the other to discourage it. There is no manufacture which occasions so great a consumption of wood as a furnace, or which can contribute so much to the clearing of a country overgrown with it.

The tendency of some of these regulations to raise the value of timber in America, and thereby to facilitate the clearing of the land, was neither, perhaps, intended nor understood by the legislature. Though their beneficial effects have been in this respect accidental, they have not upon that account been less real.

The most perfect freedom of trade is permitted between the British colonies of America and the West Indies, both in the enumerated and in the non-enumerated commodities. Those colonies are now become so populous and thriving, that each of them finds in some of the others a great and extensive market for every part of its produce. All of them taken together, they make a great internal market for the produce of one another.

The liberality of England, however, towards the trade of her colonies has been confined chiefly to what concerns the market for their produce, either in its rude state, or in what may be called the very first stage of manufacture. The more advanced or more refined manufactures even of the colony produce, the merchants and manufacturers of Great Britain choose to reserve to themselves, and have prevailed upon the legislature to prevent their establishment in the colonies, sometimes by high duties, and sometimes by absolute prohibitions.

While, for example, muscovado sugars from the British plantations, pay upon importation only 6s. 4d the cwt., white sugars, pay £1, 1s 1d, and refined, either double or single, in loaves, £4, 2s 5 $\frac{1}{2}$ d. When those high duties were imposed, Great Britain was the sole, and she still continues to be the principal, market to which the sugars of the British colonies could be exported. They amounted, therefore, to a prohibition, at first of claying or refining sugar for any foreign market, and at present of claying or refining it for the market, which takes off, perhaps, more than nine-tenths of the whole produce. The manufacture of claying or refining sugar, accordingly, though it has flourished in all the sugar colonies of France, has been little cultivated in any of those of England, except for the market of the colonies themselves. While Grenada was in the hands of the French, there was a refinery of sugar, by claying at least, upon almost every plantation. Since it fell into those of the English, almost all works of this kind have been given up, and there are at present, Oct., 1773, I am assured, not above two or three remaining in the island. At present, however, by an indulgence of the custom-house, clayed or refined sugar, if reduced from loaves into powder, is commonly imported as muscovado.

While Great Britain encourages in America the manufacture of pig and bar iron, by exempting them from duties to which the like commodities are subject when imported from any other country, she imposes an absolute prohibition upon the erection of steel

furnaces and slit-mills in any of her American plantations. She will not suffer her colonists to work in those more refined manufactures even for their own consumption, but insists upon their purchasing of her merchants and manufacturers all goods of this kind which they have need for.

She prohibits the exportation from one province to another by water, and even the carriage by land upon horseback or in a cart, of hats, of wools and woollen goods, if the produce of America, a regulation which effectually prevents the establishment of any manufacture of such commodities for distant sale, and confines the industry of her colonists in this way to such coarse and household manufactures, as a private family commonly makes for its own use, or for that of some of its neighbours in the same province.

To prohibit a great people, however, from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind. Unjust as such prohibitions may be, they have not hitherto been very hurtful to the colonies. Land is still so cheap, and, consequently, labour so dear among them, that they can import from the mother country, almost all the more refined or more advanced manufactures cheaper than they could make them for themselves. Though they had not, therefore, been prohibited from establishing such manufactures, yet in their present state of improvement, a regard to their own interest would probably have prevented them from doing so. In their present state of improvement, those prohibitions, perhaps, without cramping their industry, or restraining it from any employment to which it would have gone of its own accord, are only impertinent badges of slavery imposed upon them, without any sufficient reason, by the groundless jealousy of the merchants and manufacturers of the mother country. In a more advanced state they might be really oppressive and insupportable.

Great Britain, too, as she confines to her own market some of the most important productions of the colonies, so in compensation she gives to some of them an advantage in that market, sometimes by imposing higher duties upon the like productions when imported from other countries, and sometimes by giving bounties upon their importation from the colonies. I. She gives an advantage in the home market to the sugar, tobacco, and iron of her own colonies, and in the second to their raw silk, to their hemp and flax, to their indigo, to their naval stores, and to their building-timber. II. Encouraging the colony produce by bounties upon importation, is, so far as I have been able to learn, peculiar to Great Britain. The first is not. Portugal does not content herself with imposing higher duties upon the importation of tobacco.

from any other country, but prohibits it under the severest penalties

With regard to importation of goods from Europe, England has likewise dealt more liberally with her colonies than any other nation

Great Britain allows a part, almost always the half, generally a larger portion, and sometimes the whole of the duty which is paid upon the importation of foreign goods, to be drawn back upon their exportation to any foreign country. No independent foreign country, it was easy to foresee, would receive them if they came to it loaded with the heavy duties to which almost all foreign goods are subjected on their importation into Great Britain. Unless some part of those duties was drawn back upon exportation, there was an end of the carrying trade, a trade so much favoured by the mercantile system.

Our colonies, however, are by no means independent foreign countries, and Great Britain having assumed to herself the exclusive right of supplying them with all goods from Europe, might have forced them (in the same manner as other countries have done their colonies) to receive such goods, loaded with all the same duties which they paid in the mother country. But, on the contrary, till 1763, the same drawbacks were paid upon the exportation of the greater part of foreign goods to our colonies as to any independent foreign country. In 1763, indeed, by the 4th of Geo III c. 15, this indulgence was a good deal abated, and it was enacted, 'That no part of the duty called the old subsidy should be drawn back for any goods of the growth, production, or manufacture of Europe or the East Indies, which should be exported from this kingdom to any British colony or plantation in America, wines, white calicoes, and muslins excepted.' Before this law, many different sorts of foreign goods might have been bought cheaper in the plantations than in the mother country, and some may be so still.

Of the greater part of the regulations concerning the colony trade, the merchants who carry it on, it must be observed, have been the principal advisers. We must not wonder, therefore, if in the greater part of them, their interest has been more considered than either that of the colonies or that of the mother country. In their exclusive privilege of supplying the colonies with all the goods which they wanted from Europe, and of purchasing all such parts of their surplus produce as could not interfere with any of the trades which they themselves carried on at home, the interest of the colonies was sacrificed to the interest of those merchants. In allowing the same drawbacks upon the re-exportation of the greater part of European and East India goods to the colonies, as upon their re-exportation to any independent country, the interest

of the mother country was sacrificed to it, even according to the mercantile ideas of that interest. It was for the interest of the merchants to pay as little as possible for the foreign goods which they sent to the colonies, and consequently, to get back as much as possible of the duties which they advanced upon their importation into Great Britain. They might thereby be enabled to sell in the colonies, either the same quantity of goods with a greater profit, or a greater quantity with the same profit, and, consequently, to gain something either in the one way or the other. It was, likewise, for the interest of the colonies to get all such goods as cheap and in as great abundance as possible. But this might not always be for the interest of the mother country. She might frequently suffer both in her revenue, by giving back a great part of the duties which had been paid upon the importation of such goods, and in her manufactures, by being undersold in the colony market, in consequence of the easy terms upon which foreign manufactures could be carried thither by means of those drawbacks. The progress of the linen manufacture of Great Britain, it is commonly said, has been a good deal retarded by the drawbacks upon the re-exportation of German linen to the American colonies.

But though the policy of Great Britain with regard to the trade of her colonies has been dictated by the same mercantile spirit as that of other nations, it has, however, upon the whole, been less illiberal and oppressive than that of any of them.

In everything except their foreign trade, the liberty of the English colonists to manage their own affairs their own way is complete. It is in every respect equal to that of their fellow-citizens at home, and is secured in the same manner, by an assembly of the representatives of the people, who claim the sole right of imposing taxes for the support of the colony government. The authority of this assembly overawes the executive power, and neither the meanest nor the most obnoxious colonist, as long as he obeys the law, has anything to fear from the resentment, either of the governor, or of any other civil or military officer in the province. The colony assemblies, though, like the house of commons in England, they are not always a very equal representation of the people, yet they approach more nearly to that character, and as the executive power either has not the means to corrupt them, or, on account of the support which it receives from the mother country, is not under the necessity of doing so, they are perhaps in general more influenced by the inclinations of their constituents. The councils which in the colony legislatures correspond to the house of lords in Great Britain, are not composed of an hereditary nobility. In some of the colonies, as in three of the governments of New England, those councils are not appointed by the king, but chosen by the representatives of the people. In none of the English colonies

enjoyments and the industry of the colonies. It is a clog which, for the supposed benefit of some particular countries, embarrasses the pleasures and encumbers the industry of all other countries, but of the colonies more than of any other. It not only excludes, as much as possible, all other countries from one particular market, but it confines, as much as possible, the colonies to one particular market, and the difference is very great between being excluded from one particular market, when all others are open, and being confined to one particular market, when all others are shut up. The surplus produce of the colonies, however, is the original source of all that increase of enjoyment and industry which Europe derives from the discovery and colonization of America; and the exclusive trade of the mother countries tends to render this source much less abundant than it otherwise would have been.

The particular advantages which each colonizing country derives from the colonies which particularly belong to it, are those common advantages which every empire derives from the provinces subject to its dominion, and those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America.

The common advantages which every empire derives from the provinces subject to its dominion, consists, first, in the military force which they furnish for its defence, and, secondly, in the revenue which they furnish for the support of its civil government. The Roman colonies furnished occasionally both the one and the other. The Greek colonies sometimes furnished a military force, but seldom any revenue. They seldom acknowledged themselves subject to the dominion of the mother city. They were generally her allies in war, but very seldom her subjects in peace.

The European colonies of America have never yet furnished any military force for the defence of the mother country. Their military force has never yet been sufficient for their own defence, and in the different wars in which the mother countries have been engaged, the defence of their colonies has generally occasioned a very considerable distraction of the military force of those countries. In this respect, therefore, all the European colonies have, without exception, been a cause rather of weakness than of strength to their respective mother countries.

The colonies of Spain and Portugal only have contributed any revenue towards the defence of the mother country or the support of her civil government. The taxes which have been levied upon those of other European nations, upon those of England in particular, have seldom been equal to the expense laid out upon them in time of peace, and never sufficient to defray that which they occasioned in time of war. Such colonies, therefore, have

been a source of expense and not of revenue to their respective mother countries

The advantages of such colonies to their respective mother countries, consist altogether in those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America, and the exclusive trade, it is acknowledged, is the sole source of all those peculiar advantages

In consequence of this exclusive trade, all that part of the surplus produce of the English colonies, for example, which consists in what are called enumerated commodities, can be sent to no other country but England. Other countries must afterwards buy it of her. It must be cheaper therefore in England than it can be in any other country, and must contribute more to increase the enjoyments of England than those of any other country. It must likewise contribute more to encourage her industry. For all those parts of her own surplus produce which England exchanges for those enumerated commodities, she must get a better price than any other countries can get for the like parts of theirs, when they exchange them for the same commodities. The manufactures of England, for example, will purchase a greater quantity of the sugar and tobacco of her own colonies than the like manufactures of other countries can purchase of that sugar and tobacco. So far, therefore, as the manufactures of England and those of other countries are both to be exchanged for the sugar and tobacco of the English colonies, this superiority of price gives an encouragement to the former, beyond what the latter can in these circumstances enjoy. The exclusive trade of the colonies, therefore, as it diminishes, or, at least, keeps down below what they would otherwise rise to, both the enjoyments and the industry of the countries which do not possess it, so it gives an evident advantage to the countries which do possess it over those other countries.

This advantage, however, will, perhaps, be found to be rather what may be called a relative than an absolute advantage, and to give a superiority to the country which enjoys it, rather by depressing the industry and produce of other countries, than by raising those of that particular country above what they would naturally rise to in the case of a free trade.

The tobacco of Maryland and Virginia, for example, by means of the monopoly which England enjoys of it, certainly comes cheaper to England than it can do to France, to whom England commonly sells a considerable part of it. But had France, and all other European countries been, at all times, allowed a free trade to Maryland and Virginia, the tobacco of those colonies might, by this time, have come cheaper than it actually does, not only to all those other countries, but likewise to England. The produce of tobacco, in consequence of a market so much more extensive than

Mediterranean seas But that part of the capital of Great Britain which brings those 82,000 hogsheads to Great Britain, which exports them from thence to those other countries, and which brings back from those other countries to Great Britain either goods or money in return, is employed in a round-about foreign trade of consumption, and is necessarily forced into this employment in order to dispose of this great surplus If we would compute in how many years the whole of this capital is likely to come back to Great Britain, we must add to the distance of the American returns that of the returns from those other countries If, in the direct foreign trade of consumption which we carry on with America, the whole capital employed frequently does not come back in less than three or four years, the whole capital employed in this round-about one is not likely to come back again in less than four or five If the one can keep in constant employment but a third or a fourth part of the domestic industry which could be maintained by a capital returned once in the year, the other can keep in constant employment but a fourth or a fifth part of that industry At some of the outports a credit is commonly given to those foreign correspondents to whom they export their tobacco At the port of London, indeed, it is commonly sold for ready money The rule is, *Weigh and Pay* At the Port of London, therefore, the final returns of the whole round-about trade are more distant than the returns from America by the time only which the goods may lie unsold in the warehouse, where, however, they may sometimes lie long enough But, had not the colonies been confined to the market of Great Britain for the sale of their tobacco, very little more of it would probably have come to us than what was necessary for the home consumption The goods which Great Britain purchases at present for her own consumption with the great surplus of tobacco which she exports to other countries, she would, in this case, probably have purchased with the immediate produce of her own industry, or with some part of her own manufactures That produce, those manufactures, instead of being almost entirely suited to one great market, as at present, would probably have been fitted to a great number of smaller markets Instead of one great round-about foreign trade of consumption, Great Britain would probably have carried on a great number of small direct foreign trades of the same kind On account of the frequency of the returns, a part, and probably but a small part, perhaps not above a third or a fourth, of the capital which at present carries on this great round about trade, might have been sufficient to carry on all those small direct ones, might have kept in constant employment an equal quantity of British industry, and have equally supported the annual produce of the land and labour of Great Britain All the purposes of this trade being,

part of the capital of Great Britain seen in an employment in which it would have maintained a greater quantity of manufacturing industry, to one in which it maintains much smaller, and thereby to diminish, instead of increase, the whole quantity of manufacturing industry maintained in Great Britain.

The monopoly of the East and India, therefore, like all the other mean and malignant expedients of the empire, not only depresses the industry of all other countries, but also that of the colonies, without in the least interesting, for the country distinguishing, that of the country in whose favour it is established.

The monopoly hinders the capital of that country, whatever may at any particular time be the extent of that capital, from increasing so great a quantity of productive labour as it would otherwise maintain, and from affording so great a revenue to the industrious inhabitants as it could otherwise afford. If it is capital can be increased only by saving, from revenue, the monopoly, by hindering it from affording so great a revenue as it would otherwise afford, necessarily hinders it from increasing so fast as it would otherwise increase, and consequently from maintaining a still greater quantity of productive labour, and rendering a still greater revenue to the industrious inhabitants of that country. One great original source of revenue, therefore, the wages of labour, the monopoly must necessarily have rendered at all times less abundant than it otherwise would have been.

By raising the rate of mercantile profit, the monopoly discourages the improvement of land. The profit of improvement depends upon the difference between what the land actually produces, and what, by the application of a certain capital, it can be made to produce. If this difference affords a greater profit than what can be drawn from an equal capital in any mercantile employment, the improvement of land will draw capital from all mercantile employments. If the profit is less, mercantile employments will draw capital from the improvement of land. Whatever therefore raises the rate of mercantile profit, either lessens the superiority or increases the inferiority of the profit of improvement, and in the one case hinders capital from going to improvement, and in the other draws capital from it. But by discouraging improvement, the monopoly necessarily retards the natural increase of another great original source of revenue, the rent of land. By raising the rate of profit, too, the monopoly necessarily keeps up the market rate of interest higher than it otherwise would be. But the price of land in proportion to the rent which it affords, the number of years' purchase which is commonly paid for it, necessarily falls as the rate of interest rises, and rises as the rate of interest falls. The monopoly, therefore, hurts the interest of the landlord two different ways; by retarding the natural increase, first,

of his rent, and, secondly, of the price which he would get for his land in proportion to the rent which it affords

The monopoly, indeed, raises the rate of mercantile profit, and thereby augments somewhat the gain of our merchants. But as it obstructs the natural increase of capital, it tends rather to diminish than to increase the sum total of the revenue which the inhabitants of the country derive from the profits of stock, a small profit upon a great capital generally affording a greater revenue than a great profit upon a small one. The monopoly raises the rate of profit, but it hinders the sum of profit from rising so high as it otherwise would do.

All the original sources of revenue, the wages of labour, the rent of land, and the profits of stock, the monopoly renders much less abundant than they otherwise would be. To promote the little interest of one little order of men in one country, it hurts the interest of all other orders of men in that country, and of all men, in all other countries.

It is solely by raising the ordinary rate of profit that the monopoly either has proved or could prove advantageous to any one particular order of men. But besides all the bad effects to the country in general, which have already been mentioned as necessarily resulting from a high rate of profit, there is one more fatal, perhaps, than all these put together, but which, if we may judge from experience, is inseparably connected with it. The high rate of profit seems everywhere to destroy that parsimony which in other circumstances is natural to the character of the merchant. When profits are high, that sober virtue seems to be superfluous, and expensive luxury to suit better the affluence of his situation. But the owners of the great mercantile capitals are necessarily the leaders and conductors of the whole industry of every nation, and their example has a much greater influence upon the manners of the whole industrious part of it than that of any other order of men. If his employer is attentive and parsimonious, the workman is very likely to be so too, but if the master is dissolute and disorderly, the servant, who shapes his work according to the pattern which his master prescribes to him, will shape his life, too, according to the example which he sets him. Accumulation is thus prevented in the hands of all those who are naturally the most disposed to accumulate, and the funds destined for the maintenance of productive labour receive no augmentation from the revenue of those who ought naturally to augment them the most. The capital of the country, instead of increasing, gradually dwindles away, and the quantity of productive labour maintained in it grows every day less and less. Have the exorbitant profits of the merchants of Cadiz and Lisbon augmented the capital of Spain and Portugal? Have they alleviated the poverty, have they promoted the industry

situation towards the colony assemblies, as the king of France does towards the states of those provinces which still enjoy the privilege of having states of their own, the provinces of France which are supposed to be the best governed.

But though, according to this scheme, the colonies could have no just reason to fear that their share of the public burdens should ever exceed the proper proportions to that of their fellow-citizens at home, Great Britain might have just reason to fear that it never would amount to that proper proportion. The parliament of Great Britain has not for some time past had the same established authority in the colonies, which the French king has in those provinces of France which still enjoy the privilege of having states of their own. The colony assemblies, if they were not very favourably disposed (and unless more skilfully managed than they ever have been hitherto, they are not very likely to be so), might still find many pretences for evading or rejecting the most reasonable requisitions of parliament. A French war breaks out, we shall suppose, ten millions must immediately be raised, in order to defend the seat of the empire. This sum must be borrowed upon the credit of some parliamentary fund mortgaged for paying the interest. Part of this fund parliament proposes to raise by a tax to be levied in Great Britain, and part of it by a requisition to the different colony assemblies of America and the West Indies. Would people readily advance their money upon the credit of a fund which partly depended upon the good humour of all those assemblies, far distant from the seat of the war, and sometimes, perhaps, thinking themselves not much concerned in the event of it? Upon such a fund no more money would probably be advanced than what the tax to be levied in Great Britain might be supposed to answer for. The whole burden of the debt contracted on account of the war, would in this manner fall, as it always has done hitherto, upon Great Britain, upon a part of the empire, and not upon the whole empire. Great Britain is, perhaps, since the world began, the only state which, as it has extended its empire, has only increased its expense without once augmenting its resources. Other states have generally disburdened themselves upon their subject and subordinate provinces of the most considerable part of the expense of defending the empire. Great Britain hitherto suffered her subject and subordinate provinces to disburden themselves upon her of almost this whole expense, in order to put Great Britain upon a footing of equality with her own colonies, which the law has hitherto supposed to be subject as subordinate, it seems necessary, upon the scheme of taxing the colony assemblies by parliamentary requisition, that parliament should have some means of rendering its requisitions immediately effectual, in case the colony assemblies should attempt to evade or reject their

and what those means are it is not very easy to conceive, and it has not yet been explained

Should the parliament of Great Britain, at the same time, be ever fully established in the right of taxing the colonies, even independent of the consent of their own assemblies, the importance of those assemblies would from that moment be at an end, and with it that of all the leading men of British America. Men desire to have some share in the management of public affairs chiefly on account of the importance which it gives them. Upon the power which the greater part of the leading men, the natural aristocracy of every country, have of preserving or defending their respective importance, depends the stability and duration of every system of free government. In the attacks which those leading men are continually making upon the importance of one another, and in the defence of their own, consists the whole play of domestic faction and ambition. The leading men of America, like those of all other countries, desire to preserve their own importance. They feel, or imagine, that if their assemblies, which they are fond of calling parliaments, and of considering as equal in authority to the parliament of Great Britain, should be so far degraded as to become the humble ministers and executive officers of that parliament, the greater part of their own importance would be at an end. They have rejected, therefore, the proposal of being taxed by parliamentary requisition, and like other ambitious and high-spirited men, have rather chosen to draw the sword in defence of their own importance.

Towards the declension of the Roman republic, the allies of Rome, who had borne the principal burden of defending the state and extending the empire, demanded to be admitted to all the privileges of Roman citizens. Upon being refused, the social war broke out. During the course of that war Rome granted those privileges to the greater part of them, one by one, and in proportion as they detached themselves from the general confederacy. The parliament of Great Britain insists upon taxing the colonies, and they refuse to be taxed by a parliament in which they are not represented. If to each colony which should detach itself from the general confederacy, Great Britain should allow such a number of representatives as suited the proportion of what it contributed to the public revenue of the empire, in consequence of its being subjected to the same taxes, and in compensation admitted to the same freedom of trade with its fellow-subjects at home, the number of its representatives to be augmented as the proportion of its contribution might afterwards augment, a new method of acquiring importance, a new and more dazzling object of ambition would be presented to the leading men of each colony. Instead of piddling for the little prizes which are to be found in what may

may be as necessary for the welfare of the society as a near one; the goods which the distant employment deals in, being necessary, perhaps, for carrying on many of the nearer employments. But if the profits of those who deal in such goods are above their proper level, those goods will be sold dearer than they ought to be, or somewhat above their natural price, and all those engaged in the nearer employments will be more or less oppressed by this high price. Their interest, therefore, in this case requires that some stock should be withdrawn from those nearer employments, and turned towards that distant one, in order to reduce its profits to their proper level, and the price of the goods which it deals in to their natural price. In this extraordinary case, the public interest requires that some stock should be withdrawn from those employments which in ordinary cases are more advantageous, and turned towards one which in ordinary cases is less advantageous to the public; and in this extraordinary case, the natural interests and inclinations of men coincide as exactly with the public interest as in all other ordinary cases, and lead them to withdraw stock from the near, and to turn it towards the distant employment.

It is thus that the private interests and passions of individuals naturally dispose them to turn their stock towards the employments which in ordinary cases are most advantageous to the society. But, if from this natural preference, they should turn too much of it towards those employments, the fall of profit in them and the rise of it in all others, immediately dispose them to alter this faulty distribution. Without any intervention of law, the private interests and passions of men naturally lead them to divide and distribute the stock of every society, among all the different employments carried on in it, as nearly as possible in the proportion which is most agreeable to the interest of the whole society.

All the different regulations of the mercantile system, necessarily derange more or less this natural and most advantageous distribution of stock. But those which concern the trade to America and the East Indies derange it, perhaps, more than any other, because the trade to those two great continents absorbs a greater quantity of stock than any other two branches of trade. The regulations, however, by which this derangement is effected in those two different branches of trade are not altogether the same. Monopoly is the great engine of both but it is a different sort of monopoly. Monopoly of one kind or another seems to be the sole engine of the mercantile system.

In the trade to America every nation endeavours to engross as much as possible the whole market of its own colonies, by fairly excluding all other nations from any direct trade to them. During the greater part of the sixteenth century, the Portuguese endeavoured to manage the trade of the East Indies in the

same manner, by claiming the sole right of sailing in the Indian seas, on account of the merit of having first found out the road to them. The Dutch still continue to exclude all other European nations from any direct trade to their spice islands. Monopolies of this kind are evidently established against all other European nations, who are thereby not only excluded from a trade to which it might be convenient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in somewhat dearer than if they could import them themselves directly from the countries which produce them.

But since the fall of the power of Portugal, no European nation has claimed the exclusive right of sailing in the Indian seas, of which the principal ports are now open to the ships of all European nations. Except in Portugal, however, and within these few years, in France, the trade to the East Indies has in every European country been subjected to an exclusive company. Monopolies of this kind are properly established against the very nation which erects them. The greater part of that nation are thereby not only excluded from a trade to which it might be convenient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in somewhat dearer than if it was open and free to all their countrymen. Since the establishment of the English East Indian Company, for example, the other inhabitants of England, over and above being excluded from the trade, must have paid in the price of the East India goods which they have consumed, not only for all the extraordinary profits which the company may have made upon those goods in consequence of their monopoly, but for all the extraordinary waste which the fraud and abuse, inseparable from the management of the affairs of so great a company, must necessarily have occasioned. The absurdity of this second kind of monopoly, therefore, is much more manifest than that of the first (*East India Company dissolved*).

Both these kinds of monopolies derange more or less the natural distribution of the stock of the society, but they do not always derange it in the same way.

Monopolies of the first kind always attract to the particular trade in which they are established, a greater proportion of the stock of the society than what would go to that trade of its own accord.

Monopolies of the second kind may sometimes attract stock towards the particular trade in which they are established, and sometimes repel it from that trade according to different circumstances. In poor countries they naturally attract towards that trade more stock than would otherwise go to it. In rich countries they naturally repel from it a good deal of stock which would otherwise go to it.

sort of authority which naturally overawes the people, and without force commands their willing obedience. Such a council can command obedience only by the military force with which they are accompanied, and their government is, therefore necessarily military and despotic. Their proper business, however, is that of merchants. It is to sell, upon their masters' account, the European goods consigned to them, and to buy in return Indian goods for the European market. It is to sell the one as dear and to buy the other as cheap as possible, and consequently to exclude as much as possible all rivals from the particular market where they keep their shop. The genius of the administration, therefore, so far as concerns the trade of the company, is the same as that of the direction. It tends to make government subservient to the interest of monopoly, and consequently to stunt the natural growth of some parts at least of the surplus produce of the country to what is barely sufficient for answering the demand of the company.

All the members of the administration, besides, trade more or less upon their own account, and it is in vain to prohibit them from doing so. Nothing can be more completely foolish than to expect that the clerks of a great counting-house at 10,000 miles' distance, and consequently almost quite out of sight, should, upon a simple order from their masters, give up at once doing any sort of business upon their own account, abandon for ever all hopes of making a fortune, of which they have the means in their hands, and content themselves with the moderate salaries which those masters allow them, and which, moderate as they are, can seldom be augmented, being commonly as large as the real profits of the company trade can afford. In such circumstances, to prohibit the servants of the company from trading upon their own account, can have scarce any other effect than to enable the superior servants, under pretence of executing their masters' order, to oppress such of the inferior ones as have had the misfortune to fall under their displeasure. The servants naturally endeavour to establish the same monopoly in favour of their own private trade as of the public trade of the company. If they are suffered to act as they could wish, they will establish this monopoly openly and directly, by fairly prohibiting all other people from trading in the articles in which they choose to deal, and this, perhaps, is the best and least oppressive way of establishing it. But if by an order from Europe they are prohibited from doing this, they will, notwithstanding, endeavour to establish a monopoly of the same kind, secretly and indirectly, in a way which is much more destructive to the country. They will employ the whole authority of government, and pervert the administration of justice, in order to harass and ruin those who interfere with them in any branch of commerce which, by means of agents, either concealed, or at least not publicly avowed, they

may choose to carry on. But the private trade of the servants will naturally extend to a much greater variety of articles than the public trade of the company. The public trade of the company extends no further than the trade with Europe, and comprehends a part only of the foreign trade of the country. But the private trade of the servants may extend to all the different branches both of its inland and foreign trade. The monopoly of the company can tend only to stunt the natural growth of that part of the surplus produce which, in the case of a free trade, would be exported to Europe. That of the servants tends to stunt the natural growth of every part of the produce in which they choose to deal, of what is destined for home consumption, as well as of what is destined for exportation, and consequently to degrade the cultivation of the whole country, and to reduce the number of its inhabitants. It tends to reduce the quantity of every sort of produce, even that of the necessities of life, whenever the servants of the company choose to deal in them, to what those servants can both afford to buy and expect to sell with such a profit as may please them.

From the nature of their situation, too, the servants must be more disposed to support with rigorous severity their own interest against that of the country which they govern than their masters can be to support theirs. The country belongs to their masters, who cannot avoid having some regard for the interest of what belongs to them. But it does not belong to the servants. The real interest of their masters, if they were capable of understanding it, is the same with that of the country, and it is from ignorance chiefly, and the meanness of mercantile prejudice, that they ever oppress it. But the real interest of the servants is by no means the same with that of the country, and the most perfect information would not necessarily put an end to their oppressions. The regulations, accordingly, which have been sent out from Europe, though they have been frequently weak, have upon most occasions been well-meaning. More intelligence, and perhaps less good meaning, has sometimes appeared by those established by the servants in India. It is a very singular government in which every member of the administration wishes to get out of the country, and consequently to have done with the government as soon as he can, and to whose interest, the day after he has left it, and carried his whole fortune with him, it is perfectly indifferent though the whole country was swallowed up by an earthquake.

I mean not, however, by anything which I have here said, to throw any odious imputation upon the general character of the servants of the East India Company, and much less upon that of any particular persons. It is the system of government, the situation in which they are placed, that I mean to censure, not

that is about four or five times the value. Any merchant or other person convicted of this offence, is disabled from requiring any debt or account belonging to him from any factor or other person. Let his fortune be what it will, whether he is or is not able to pay those heavy penalties, the law means to ruin him completely. But as the morals of the great body of the people are not yet so corrupt as those of the contrivers of this statute, I have not heard that any advantage has ever been taken of this clause. If the person convicted of this offence is not able to pay the penalties within three months after judgment, he is to be transported for seven years, and if he returns before the expiration of that term, he is liable to the pains of felony, without benefit of clergy. The owner of the ship, knowing this offence, forfeits all his interest in the ship and furniture. The master and mariners, knowing this offence, forfeit all their goods and chattels, and suffer three months' imprisonment. By a subsequent statute the master suffers six months' imprisonment.

In order to prevent exportation, the whole inland commerce of wool is laid under very burdensome and oppressive restrictions. It cannot be packed in any box, hirrel, cask, case, chest, or any other package, but only in packs of leather or pack-cloth, on which must be marked on the outside the words *wool* or *yarn*, in large letters not less than three inches long, on pain of forfeiting the same and the package, and 3s for every lb to be paid by the owner or packer. It cannot be loaded on any horse or cart, or carried by land within five miles of the coast, but between sun-rising and sun-setting, on pain of forfeiting the same, the horses and carriages. The hundred next adjoining to the sea coast, out of or through which the wool is carried or exported, forfeits £20, if the wool is under the value of £10, and if of greater value, then treble that value, together with treble costs, to be sued for within the year. The execution to be against any two of the inhabitants, whom the sessions must reimburse by an assessment on the other inhabitants, as in the case of robbery. And if any person compounds with the hundred for less than this penalty, he is to be imprisoned for five years, and any other person may prosecute. These regulations take place through the whole kingdom.

But in the particular counties of Kent and Sussex the restrictions are still more troublesome. Every owner of wool within ten miles of the sea coast must give an account in writing three days after shearing to the next officer of the customs, of the number of his fleeces, and of the places where they are lodged. And before he removes any part of them he must give the like notice of the number and weight of the fleeces, and of the name and abode of the person to whom they are sold, and of the place to which it is intended they should be carried. No person within fifteen miles of the sea, in the said counties, can buy any wool before he enters

into bond to the king that no part of the wool which he shall so buy shall be sold by him to any other person within fifteen miles of the sea. If any wool is found carrying towards the sea-side in the said counties, unless it has been entered and security given as aforesaid, it is forfeited, and the offender also forfeit 3s for every pound weight. If any person lays any wool, not entered as aforesaid, within fifteen miles of the sea, it must be seized and forfeited, and if, after such seizure, any person shall claim the same, he must give security to the exchequer, that if he is cast upon trial he shall pay treble costs, besides all other penalties.

When such restrictions are imposed upon the inland trade, the coasting trade, we may believe, cannot be left very free. Every owner of wool who carrieth or causeth to be carried any wool to any port or place on the sea coast, in order to be from thence transported by sea to any other place or port on the coast, must first cause an entry thereof to be made at the port from whence it is intended to be conveyed, containing the weight, marks, and number of the packages, before he brings the same within five miles of that port, on pain of forfeiting the same, and also the horses, carts, and other carriages, and also of suffering and forfeiting, as by the other laws in force against the exportation of wool. This law, however (1 Will III ch 32), is so very indulgent as to declare, that 'this shall not hinder any person from carrying his wool home 'from the place of shearing, though it be within five miles of the 'sea, provided that in ten days after shearing, and before he re- 'move the wool, he do under his hand certify to the next officer 'of the customs the true number of fleeces, and where it is housed, 'and do not remove the same, without certifying to such officer 'under his hand, his intention so to do three days before.' Bond must be given that the wool to be carried coast-ways is to be landed at the particular port for which it is entered outwards, and if any part of it is landed without the presence of an officer, not only the forfeiture of the wool is incurred as in other goods, but the usual additional penalty of 3s for every pound weight is likewise incurred.

Our woollen manufacturers, in order to justify their demand of such extraordinary restrictions and regulations, confidently asserted that English wool was of a peculiar quality, superior to that of any other country, that the wool of other countries could not, without some mixture of it, be wrought up into any tolerable manufacture; that fine cloth could not be made without it that England, therefore, if the exportation of it could be totally prevented, could monopolize to herself almost the whole woollen trade of the world, and thus, having no rivals, could sell at what price she pleased, and in a short time acquire the most incredible degree of wealth by the most advantageous balance of trade. This doctrine, like most other doctrines which are confidently asserted by any con-

penny, but the duty upon exportation was raised to sevenpence each skin, without any drawback of the duty upon importation. By the same law, a duty of 1s 6d the lb was imposed upon the exportation of beaver-wool or wombs, without making any alteration in the duty upon the importation of that commodity, which, when imported by British and in British shipping, amounted at that time to between fourpence and fivepence the piece.

Coals may be considered both as a material of manufacture and as an instrument of trade. Heavy duties, accordingly, have been imposed upon their exportation, amounting at present (1783) to more than 5s the ton, or to more than 15s the chaldron, Newcastle measure, which is in most cases more than the original value of the commodity at the coal pit, or even at the shipping port for exportation.

The exportation, however, of the instruments of trade, properly so called, is commonly restrained, not by high duties, but by absolute prohibitions. Thus by the 7th and 8th of Will III, ch 20, sect 8, the exportation of frames or engines for knitting gloves or stockings is prohibited under the penalty, not only of the forfeiture of such frames or engines so exported, or attempted to be exported, but of £40, one-half to the king, the other to the person who shall inform or sue for the same. In the same manner by the 14th Geo III, ch 71, the exportation to foreign parts, of any utensils made use of in the cotton, linen, woollen, and silk manufactures, is prohibited under the penalty, not only of the forfeiture of such utensils, but of £200, to be paid by the person who shall offend in this manner, and likewise of £200 to be paid by the master of the ship who shall knowingly suffer such utensils to be loaded on board his ship.

When such heavy penalties were imposed upon the exportation of the dead instruments of trade, it could not well be expected that the living instrument, the artificer, should be allowed to go free. Accordingly, by the 5th Geo I, ch 27, the person who shall be convicted of enticing any artificer of or in any of the manufactures of Great Britain, to go into any foreign parts, in order to practise or teach his trade, is liable for the first offence to be fined in any sum not exceeding £100, and to three months' imprisonment, and until the fine shall be paid, and for the second offence, to be fined in any sum at the discretion of the court and to imprisonment for twelve months, and until the fine shall be paid. By the 23rd Geo II, ch 13, this penalty is increased for the first offence to £500 for every artificer so enticed, and to twelve months' imprisonment, and until the fine shall be paid, and for the second offence, to £1,000, and to two years' imprisonment, and until the fine shall be paid.

By the former of those two statutes, upon proof that any person

has been enticing any artificer, or that any artificer has promised or contracted to go into foreign parts for the purposes aforesaid, such artificer may be obliged to give security at the discretion of the court, that he shall not go beyond the seas, and may be committed to prison until he give such security

If any artificer has gone beyond the seas, and is exercising or teaching his trade in any foreign country, upon warning being given to him by any of his Majesty's ministers or consuls abroad, or by one of his Majesty's secretaries of state for the time being, if he does not, within six months after such warning, return into this realm, and from thenceforth abide and inhabit continually within the same, he is from thenceforth declared incapable of taking any legacy devised to him within this kingdom, or of being executor or administrator to any person, or of taking any lands within this kingdom by descent, devise, or purchase He likewise forfeits to the king all his lands, goods, and chattels, is declared an alien in every respect, and is put out of the king's protection

It is unnecessary to observe, how contrary such regulations are to the boasted liberty of the subject, of which we affect to be so very jealous, but which, in this case is so plainly sacrificed to the futile interests of our merchants and manufacturers

The laudable motive of all these regulations, is to extend our own manufactures, not by their own improvement, but by the depression of those of all our neighbours, and by putting an end, as much as possible, to the troublesome competition of such odious and disagreeable rivals Our master manufacturers think it reasonable, that they themselves should have the monopoly of the ingenuity of all their countrymen Though by restraining, in some trades, the number of apprentices which can be employed at one time, and by imposing the necessity of a long apprenticeship in all trades, they endeavour, all of them, to confine the knowledge of their respective employments to as small a number as possible they are unwilling, however, that any part of this small number should go abroad to instruct foreigners

Consumption is the sole end and purpose of all production, and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer, and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce

In the restraints upon the importation of all foreign commodities which can come into competition with those of our own growth or manufacture, the interest of the home consumer is evidently sacrificed to that of the producer It is altogether for the

above what is demanded for their own subsistence, their industry annually yields a net produce, of which the augmentation necessarily augments the revenue and wealth of their society. Nations, therefore, which, like France or England, consist in a great measure of proprietors and cultivators, can be enriched by industry and enjoyment. Nations, on the contrary, which, like Holland and Edinburgh, are composed chiefly of merchants, artificers, and manufacturers, can grow rich only through parsimony and privation. As the interest of nations so differently circumstanced is very different, so is likewise the common character of the people. In those of the former kind, liberality, frankness, and general fellowship naturally make a part of their common character. In the latter, narrowness, meanness, and a selfish disposition, averse to all social pleasure and enjoyment.

The unproductive class, that of merchants, artificers, and manufacturers, is maintained and employed altogether at the expense of the two other classes, of that of proprietors and of that of cultivators. They furnish it both with the materials of its work and with the fund of its subsistence, with the corn and cattle which it consumes while it is employed about that work. The proprietors and cultivators finally pay both the wages of all the workmen of the unproductive class and the profits of all their employers. Those workmen and their employers are properly the servants of the proprietors and cultivators. They are only servants who work without doors, as menial servants work within. Both the one and the other, however, are equally maintained at the expense of the same masters. The labour of both is equally unproductive. It adds nothing to the value of the sum total of the rude produce of the land. Instead of increasing the value of that sum total, it is a charge and expense which must be paid out of it.

The unproductive class, however, is not only useful, but greatly useful to the other two classes. By means of the industry of merchants, artificers, and manufacturers, the proprietors and cultivators can purchase both the foreign goods and the manufactured produce of their own country which they have occasion for, with the produce of a much smaller quantity of their own labour than what they would be obliged to employ if they were to attempt, in an awkward and unskilful manner, either to import the one or to make the other for their own use. By means of the unproductive class, the cultivators are delivered from many cares which would otherwise distract their attention from the cultivation of land. The superiority of produce which, in consequence of this undivided attention, they are enabled to raise is fully sufficient to pay the whole expense which the maintenance and employment of the unproductive class costs either the proprietors or themselves. The industry of merchants, artificers, and manufacturers, though in its

own nature altogether unproductive, yet contributes in this manner indirectly to increase the produce of the land. It increases the productive powers of productive labour, by leaving it at liberty to confine itself to its proper employment, the cultivation of land, and the plough goes frequently the easier and the better by means of the labour of the man whose business is most remote from the plough

It can never be the interest of the proprietors and cultivators to restrain or to discourage in any respect the industry of merchants, artificers, and manufacturers. The greater the liberty which this unproductive class enjoys, the greater will be the competition of all the different trades which compose it, and the cheaper will the other two classes be supplied, both with foreign goods and with the manufactured produce of their own country

It can never be the interest of the unproductive class to oppress the other two classes. It is the surplus produce of the land, or what remains after deducting the maintenance, first, of the cultivators, and afterwards, of the proprietors, that maintains and employs the unproductive class. The greater this surplus, the greater must likewise be the maintenance and employment of that class. The establishment of perfect justice, of perfect liberty, and of perfect equality, is the very simple secret which most effectually secures the highest degree of prosperity to all the three classes

The merchants, artificers, and manufacturers of those mercantile states which, like Holland and Hamburg, consist chiefly of this unproductive class, are in the same manner maintained and employed altogether at the expense of the proprietors and cultivators of land. The only difference is, that those proprietors and cultivators are, the greater part of them, placed at a most inconvenient distance from the merchants, artificers, and manufacturers whom they supply with the materials of their work and the fund of their subsistence, are the inhabitants of other countries, and the subjects of other governments

Such mercantile states, however, are not only useful, but greatly useful to the inhabitants of those other countries. They fill up, in some measure, a very important void, and supply the place of the merchants, artificers, and manufacturers, whom the inhabitants of those countries ought to find at home, but whom, from some defect in their policy, they do not find at home

It can never be the interest of those landed nations, if I may call them so, to discourage or distress the industry of such mercantile states, by imposing high duties upon their trade, or upon the commodities which they furnish. Such duties, by rendering those commodities dearer, could serve only to sink the real value of the surplus produce of their own land, with which or, what comes to the same thing, with the price of which, those

ployed within their society, and consequently to thereby increase its real revenue, the annual produce of its land and labour.

5. And lastly, though the revenue of the inhabitants of every country was supposed to consist altogether, as that system seems to suppose, in the quantity of subsistence which their industry could procure to them, yet, even upon this supposition, the revenue of a trading and manufacturing country must, other things being equal, always be much greater than that of one without trade or manufactures. By means of trade and manufactures a greater quantity of subsistence can be annually imported into a particular country than what its own lands, in the actual state of their cultivation, could afford. The inhabitants of a town, though they frequently possess no lands of their own, yet draw to themselves by their industry such a quantity of the rude produce of the lands of other people as supplies them, not only with the materials of their work, but with the fund of their subsistence. What a town always is with regard to the country in its neighbourhood, one independent state or country may frequently be with regard to other independent states or countries. It is thus that Holland draws a great part of its subsistence from other countries, live-cattle from Holstein and Jutland, and corn from almost all the different countries in Europe. A small quantity of manufactured produce purchases a great quantity of rude produce. A trading and manufacturing country, therefore, naturally purchases with a small part of its manufactured produce a great part of the rude produce of other countries, while, on the contrary, a country without trade and manufactures is generally obliged to purchase, at the expense of a great part of its rude produce, a very small part of the manufactured produce of other countries. The one exports what can subsist and accommodate but a very few, and imports the subsistence and accommodation of a great number. The other exports the accommodation and subsistence of a great number, and imports that of a very few only. The inhabitants of the one country must always enjoy a much greater quantity of subsistence than what their own lands, in the actual state of their cultivation, could afford. The inhabitants of the other country must always enjoy a much smaller quantity.

This system, however, with all its imperfections is, perhaps, the nearest approximation to the truth that has yet been published upon the subject of political economy, and is upon that account well worth the consideration of every man who wishes to examine with attention the principles of that very important science. Though in representing the labour which is employed upon land as the only productive labour, the notions which it inculcates are perhaps too narrow and confined, yet in representing the wealth of nations as consisting, not in the unconsumable riches of

money, but in the consumable goods annually reproduced by the labour of the society, and in representing perfect liberty as the only effectual expedient for rendering this annual reproduction the greatest possible, its doctrine seems to be in every respect as just as it is generous and liberal. Its followers are very numerous, and as men are fond of paradoxes, and of appearing to understand what surpasses the comprehension of ordinary people, the paradox which it maintains, concerning the unproductive nature of manufacturing labour, has not, perhaps, contributed a little to increase the number of its admirers. They have for some years past made a pretty considerable sect, distinguished in the French republic of letters by the name of the Economists. Their works have certainly been of some service to their country, not only by bringing into general discussion many subjects which had never been well examined before, but by influencing in some measure the public administration in favour of agriculture. It has been in consequence of their representations accordingly, that the agriculture of France has been delivered from several of the oppressions which it before laboured under. The term during which such a lease can be granted, as will be valid against every future purchaser or proprietor of the land, has been prolonged from 9 to 27 years. The ancient provincial restraints upon the transportation of corn from one province of the kingdom to another, have been entirely taken away, and the liberty of exporting it to all foreign countries, has been established as the common law of the kingdom in all ordinary cases. This sect, in their works, which are very numerous, and which treat, not only of what is properly called political economy, or of the nature and causes of the wealth of nations, but of every other branch of the system of civil government, all follow implicitly, and without any sensible variation, the doctrine of Mr Quesnai. There is upon this account little variety in the greater part of their works. The most distinct and best connected account of this doctrine is to be found in a little book written by Mr Mercier de la Riviere, some time Intendant of Martinico, intitled, 'The natural and essential Order of Political Societies'. The admiration of this whole sect for their master, who was himself a man of the greatest modesty and simplicity is not inferior to that of any of the ancient philosophers for the founders of their respective systems. 'There have been, since the world began,' says a very diligent and respectable author, the Marquis de Mirabeau, 'three great inventions which have principally given stability to political societies, independent of many other inventions which have enriched and adorned them. I. The invention of writing, which alone gives human nature the power of transmitting, without alteration, its laws, its contracts, its annals, and its discoveries. II. The invention of money, which binds together all the relations between civilized

would naturally go to it, or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it, is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness, and diminishes, instead of increasing, the real value of the annual produce of its land and labour.

All systems either of preference or of restraint, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which, he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient. the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society. According to the system of natural liberty, the sovereign has only three duties to attend to, three duties of great importance, indeed, but plain and intelligible to common understandings. I. the duty of protecting the society from the violence and invasion of other independent societies, II. the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice, and III. the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain, because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.

The proper performance of those several duties of the sovereign necessarily supposes a certain expense, and this expense again necessarily requires a certain revenue to support it. In the following book, therefore, I shall endeavour to explain, first, what are the necessary expenses of the sovereign or commonwealth, and which of those expenses ought to be defrayed by the general contribution of the whole society, and which of them by that of some particular part only, or of some particular members of the society. secondly, what are the different methods in which the whole society may be made to contribute towards defraying the expenses incumbent on the whole society, and what are the principal advantages and inconveniences of each of those methods: and, thirdly, what are the reasons and causes which have induced

almost all modern governments to mortgage some part of this revenue, or to contract debts, and what have been the effects of those debts upon the real wealth, the annual produce of the land and labour of the society. The following book, therefore, will naturally be divided into three chapters

BOOK V.—REVENUE OF THE SOVEREIGN OR COMMONWEALTH.

CHAP. I.—*Of the Expenses of the Sovereign or Commonwealth*

PART I—*Of the Expense of Defence*—The first duty of the sovereign, that of protecting the society from the violence and invasion of other independent societies, can be performed only by means of a military force. But the expense both of preparing this military force in time of peace, and of employing it in time of war, is very different in the different states of society, in the different periods of improvement

Among nations of hunters, the lowest and rudest state of society, such as we find it among the native tribes of North America, every man is a warrior as well as a hunter. When he goes to war, either to defend his society, or to revenge the injuries which have been done to it by other societies, he maintains himself by his own labour, in the same manner as when he lives at home. His society, for in this state of things there is properly neither sovereign nor commonwealth, is at no sort of expense, either to prepare him for the field or to maintain him while he is in it.

Among nations of shepherds, a more advanced state of society, such as we find it among the Tartars and the Arabs, every man is, in the same manner, a warrior. Such nations have commonly no fixed habitation, but live either in tents, or in a sort of covered waggons, which are easily transported from place to place. The whole tribe or nation changes its situation according to the different seasons of the year, as well as according to other accidents. When its herds and flocks have consumed the forage of one part of the country, it removes to another, and from that to a third. In the dry season, it comes down to the banks of the rivers, in the wet season it retires to the upper country. When such a nation goes to war, the warriors will not trust their herds and flocks to the feeble defence of their old men, their women, and children, and their old men, their women, and children, will not be left behind without defence and without subsistence. The whole nation, besides, being accustomed to a wandering life, even in time of peace, easily takes the field in time of war. Whether it marches as an army, or moves about as a company of herdsmen, the way of life is nearly the same, though the object proposed by it be very different. They all go to war together, therefore, and every one does as well as he can. Among the Tartars, even the women have

The soldiers who are bound to obey their officer only once a week or once a month, and who are at all other times at liberty to manage their own affairs their own way, without being in any respect accountable to him, can never be under the same awe in his presence, can never have the same disposition to ready obedience, with those whose whole life and conduct are every day directed by him, and who every day even rise and go to bed, or at least retire to their quarters, according to his orders. In what is called discipline, or in the habit of ready obedience, a militia must always be still more inferior to a standing army than it may sometimes be in what is called the manual exercise, or in the management and use of its arms. But in modern war the habit of ready and instant obedience is of much greater consequence than a considerable superiority in the management of arms.

Those militias which, like the Tartar or Arab militia, go to war under the same chieftains whom they are accustomed to obey in peace, are by far the best. In respect for their officers, in the habit of ready obedience, they approach nearest to standing armies. The Highland militia, when it served under its own chieftains, had some advantage of the same kind. As the Highlanders, however, were not wandering, but stationary shepherds, as they had all a fixed habitation, and were not in peaceable times accustomed to follow their chieftain from place to place, so in time of war they were less willing to follow him to any considerable distance, or to continue for any long time in the field. When they had acquired any booty they were eager to return home, and his authority was seldom sufficient to detain them. In point of obedience they were always much inferior to what is reported of the Tartars and Arabs. As the Highlanders, too, from their stationary life, spend less of their time in the open air, they were always less accustomed to military exercises, and were less expert in the use of their arms than the Tartars and Arabs are said to be.

A militia of any kind, it must be observed, which has served for several successive campaigns in the field, becomes in every respect a standing army. The soldiers are every day exercised in the use of their arms, and, being constantly under the command of their officers, are habituated to the same prompt obedience which takes place in standing armies. What they were before they took the field is of little importance. They necessarily become in every respect a standing army after they have passed a few campaigns in it. Should the war in America drag out through another campaign, the American militia may become in every respect a match for that standing army, of which the valour appeared, in the last war, at least not inferior to that of the hardiest veterans of France and Spain.

This distinction being well understood, the history of all ages,

introduce subordination, or which naturally, and antecedent to any civil institution give some men some superiority over the greater part of their brethren, seem to be four in number

The first of those causes or circumstances is the superiority of personal qualifications,—of strength, beauty, and agility of body, of wisdom and virtue, of prudence, justice, fortitude, and moderation of mind. The qualifications of the body, unless supported by those of the mind, can give little authority in any period of society. He is a very strong man who, by mere strength of body, can force two weak ones to obey him. The qualifications of the mind can alone give very great authority. They are, however, invisible qualities; always disputable, and generally disputed. No society, whether barbarous or civilized, has ever found it convenient to settle the rules of precedence of rank and subordination according to those invisible qualities, but according to something that is more plain and palpable.

The second of those causes or circumstances is the superiority of age. An old man, provided his age is not so far advanced as to give suspicion of dotage, is everywhere more respected than a young man of equal rank, fortune, and abilities. Among nations of hunters, such as the native tribes of North America, age is the sole foundation of rank and precedence. Among them, father is the appellation of a superior, brother, of an equal, and son, of an inferior. In the most opulent and civilized nations, age regulates rank among those who are in every other respect equal, and among whom, therefore, there is nothing else to regulate it. Among brothers and among sisters the eldest always takes place, and in the succession of the paternal estate, everything which cannot be divided, but must go entire to one person, such as a title of honour, is in most cases given to the eldest. Age is a plain and palpable quality which admits of no dispute.

The third of those causes or circumstances is the superiority of fortune. The authority of riches, however, though great in every age of society, is perhaps greatest in the rudest age of society which admits of any considerable inequality of fortune. A Tartar chief, the increase of whose herds and flocks is sufficient to maintain a thousand men, cannot well employ that increase in any other way than in maintaining a thousand men. The rude state of his society does not afford him any manufactured produce, any trinkets or baubles of any kind, for which he can exchange that part of his rude produce which is over and above his own consumption. The 1,000 men whom he thus maintains, depending entirely upon him for their subsistence, must both obey his orders in war and submit to his jurisdiction in peace. He is necessarily both their general and their judge, and his chieftainship is the necessary effect of the superiority of his fortune. In an opulent and civilized society, a

to the no small loss of the courts of law. It was to draw back such causes to themselves that the courts of law are said to have invented the artificial and fictitious writ of ejectment, the most effectual remedy for an unjust outer or dispossession of land.

A stamp duty upon the law proceedings of each particular court, to be levied by that court, and applied towards the maintenance of the judges and other officers belonging to it, might, in the same manner, afford a revenue sufficient for defraying the expense of the administration of justice, without bringing any burden upon the general revenue of the society. The judges, indeed, might in this case be under the temptation of multiplying unnecessarily the proceedings upon every cause, in order to increase as much as possible the produce of such a stamp duty. It has been the custom in modern Europe to regulate, upon most occasions, the payment of the attorneys and clerks of court, according to the number of pages which they had occasion to write, the court, however, requiring that each page should contain so many lines, and each line so many words. In order to increase their payment, the attorneys and clerks have contrived to multiply words beyond all necessity, to the corruption of the law language of, I believe, every court of justice in Europe. A like temptation might, perhaps, occasion a like corruption in the form of law proceedings.

But whether the administration of justice be so contrived as to defray its own expense, or whether the judges be maintained by fixed salaries paid to them from some other fund, it does not seem necessary that the person or persons entrusted with the executive power should be charged with the management of that fund, or with the payment of those salaries. That fund might arise from the rent of landed estates, the management of each estate being entrusted to the particular court which was to be maintained by it. That fund might arise even from the interest of a sum of money, the lending out of which might, in the same manner, be entrusted to the court which was to be maintained by it. A part, though indeed but a small part, of the salary of the judges of the court of session in Scotland arises from the interest of a sum of money. The necessary instability of such a fund seems, however, to render it an improper one for the maintenance of an institution which ought to last for ever.

The separation of the judicial from the executive power seems originally to have arisen from the increasing business of the society, in consequence of its increasing improvement. The administration of justice became so laborious and so complicated a duty as to require the undivided attention of the persons to whom it was entrusted. The person entrusted with the executive power, not having leisure to attend to the decision of private causes himself, a deputy was appointed to decide them in his stead. In the

and the least expensive communication between all the different parts of the country, which can be done only by means of the best roads and the best navigable canals. But the revenue of the sovereign does not, in any part of Europe, arise chiefly from a land-tax or land rent. In all the great kingdoms of Europe, perhaps the greater part of it may ultimately depend upon the produce of the land, but that dependency is neither so immediate, nor so evident. In Europe, the sovereign does not feel himself so directly called upon to promote the increase, both in quantity and value, of the produce of the land, or, by maintaining good roads and canals, to provide the most extensive market for that produce. Though it should be true, therefore, what I apprehend is not a little doubtful, that in some parts of Asia this department of the public police is very properly managed by the executive power, there is not the least probability that, during the present state of things, it could be tolerably managed by that power in any part of Europe.

Even those public works which are of such a nature that they cannot afford any revenue for maintaining themselves, but of which the convenience is nearly confined to some particular place or district, are always better maintained by a local or provincial revenue, under the management of a local and provincial administration, than by the general revenue of the state, of which the executive power must always have the management. Were the streets of London to be lighted and paved at the expense of the treasury, is there any probability that they would be so well lighted and paved as they are at present, or even at so small an expense? The expense, besides, instead of being raised by a local tax upon the inhabitants of each particular street, parish, or district in London, would, in this case, be defrayed out of the general revenue of the state, and would consequently be raised by a tax upon all the inhabitants of the kingdom, of whom the greater part derive no benefit from the lighting and paving of the streets of London.

The abuses which sometimes creep into the local and provincial administration of a local and provincial revenue, how enormous soever they may appear, are in reality, almost always very trifling, in comparison of those which commonly take place in the administration and expenditure of the revenue of a great empire. They are, besides, much more easily corrected. Under the local or provincial administration of the justices of the peace in Great Britain, the six days' labour which the country people are obliged to give to the reparation of the highways, is not always perhaps very judiciously applied, but it is scarce ever exacted with any circumstances of cruelty or oppression. In France, under the administration of the intendants, the application is not always more judicious, and the exaction is frequently the most cruel and

all persons being British subjects, and paying the fine. The government is in a committee of nine persons, who meet at London, but who are chosen annually by the freemen of the company at London, Bristol, and Liverpool; three from each place. No committee man can be continued in office for more than three years together. Any committee man might be removed by the Board of Trade and Plantations; now by a committee of Council, after being heard in his own defence. The committee are forbid to export negroes from Africa, or to import any African goods into Great Britain. But as they are charged with the maintenance of forts and garrisons, they may, for that purpose, export from Great Britain to Africa goods and stores of different kinds. Out of the money, which they shall receive from the company, they are allowed a sum not exceeding £800 for the salaries of their clerks and agents at London, Bristol, and Liverpool, the house-rent of their office at London, and all other expenses of management, commission, and agency in England. What remains of this sum, after defraining these different expenses, they may divide among themselves, as compensation for their trouble, in what manner they think proper. By this constitution, it might have been expected that the spirit of monopoly would have been effectually restrained and the first of these purposes sufficiently answered. It would seem, however, that it had not. Though by 4th Geo. III. c. 20, the fort of Senegal, with all its dependencies, had been vested in the company of merchants trading to Africa, yet in the year following (by 5th Geo. III. c. 44), not only Senegal and its dependencies but the whole coast from the port of Sallee, in South Barbary, to Cape Rouge, was exempted from the jurisdiction of that company, was vested in the crown, and the trade to it declared free to all his Majesty's subjects. The company had been suspected of restraining the trade, and of establishing some sort of improper monopoly. It is not very easy to conceive how, under the regulations of 23rd Geo. II., they could do so. In the printed debates of the House of Commons, not always the most authentic records of truth, I observe, however that they have been accused of this. The members of the Committee of Nine being all merchants, and the governors and factors in their different forts and settlements being all dependent upon them, it is not unlikely that the latter might have given peculiar attention to the consignments and commissions of the former, which would establish a real monopoly.

For the second of these purposes, the maintenance of the forts and garrisons, an annual sum has been allotted to them by parliament, generally about £13,000. For the proper application of this sum, the committee is obliged to account annually to the Cursitor Baron of Exchequer, which account is afterwards to be

laid before parliament. But parliament, which gives so little attention to the application of millions, is not likely to give much to that of £13,000 a year, and the Cursitor Baron of Exchequer, from his profession and education, is not likely to be profoundly skilled in the proper expense of forts and garrisons. The captains of his Majesty's navy, indeed, or any other commissioned officer, appointed by the Board of Admiralty, may inquire into the condition of the forts and garrisons, and report their observations to that Board. But that Board seems to have no direct jurisdiction over the committee, nor any authority to correct those whose conduct it may thus inquire into; and the captains of his Majesty's navy, besides, are not supposed to be always deeply learned in the science of fortification. Removal from an office, which can be enjoyed only for the term of three years, and of which the lawful emoluments, even during that term, are so very small, seems to be the utmost punishment to which any committee man is liable, for any fault, except direct malversation or embezzlement, either of the public money or of that of the company, and the fear of that punishment can never be a motive of sufficient weight to force a continual and careful attention to a business to which he has no other interest to attend. The committee are accused of having sent out bricks and stones from England for the reparation of Cape Coast Castle, on the coast of Guinea, a business for which parliament had several times granted an extraordinary sum of money. These bricks and stones, too, which had thus been sent upon so long a voyage, were said to have been of so bad a quality that it was necessary to rebuild from the foundation of the walls which had been repaired with them. The forts and garrisons which lie north of Cape Rouge are not only maintained at the expense of the state, but are under the immediate government of the executive power, and why those which lie south of that Cape, and which, too, are, in part at least, maintained at the expense of the state, should be under a different government, it seems not very easy even to imagine a good reason. The protection of the Mediterranean trade was the original purpose or pretence of the garrisons of Gibraltar and Minorca, and the maintenance and government of those garrisons has always been very properly committed, not to the Turkey Company, but to the executive power. In the extent of its dominion consists, in a great measure, the pride and dignity of that power, and it is not very likely to fail in attention to what is necessary for the defence of that dominion. The garrisons at Gibraltar and Minorca have never been neglected; though Minorca has been twice taken, and is now probably lost for ever, that disaster was never even imputed to any neglect in the executive power. I would not, however, be understood to insinuate that either of those expensive garrisons was ever, even in the

subsequent occasion, in 1730, when a proposal was made to parliament for putting the trade under the management of a regulated company, and thereby laying it in some measure open, the East India Company, in opposition to this proposal, represented in very strong terms, what had been, at this time, the miserable effects, as they thought of them, of this competition. In India, they said, it raised the price of goods so high that they were not worth the buying, and in England, by overstocking the market, it sunk their price so low that no profit could be made by them. That, by a more plentiful supply, to the great advantage and convenience of the public, it must have reduced very much the price of India goods in the English market, cannot well be doubted; but that it should have raised very much their price in the Indian market seems not very probable, as all the extraordinary demand which that competition could occasion, must have been but as a drop of water in the immense ocean of Indian commerce. The increase of demand, besides, though in the beginning it may sometimes raise the price of goods, never fails to lower it in the long run. It encourages production, and thereby increases the competition of the producers, who, in order to undersell one another, have recourse to new divisions of labour and new improvements of art, which might never otherwise have been thought of. The miserable effects of which the company complained, were the cheapness of consumption and the encouragement given to production, precisely the two effects which it is the great business of political economy to promote. The competition, however, of which they gave this doleful account, had not been allowed to be of long continuance. In 1702, the two companies were, in some measure, united by an indenture tripartite, to which the queen was the third party, and in 1708, they were, by act of parliament, perfectly consolidated into one company by their present name of the United Company of Merchants trading to the East Indies. Into this act it was thought worth while to insert a clause, allowing the separate traders to continue their trade till Michaelmas, 1711, but at the same time empowering the directors, upon three years' notice, to redeem their little capital of £7,200, and thereby to convert the whole stock of the company into a joint stock. By the same act, the capital of the company, in consequence of a new loan to government, was augmented from two millions to £3,200,000. In 1743, the company advanced another million to government. But this million being raised, not by a call upon the proprietors, but by selling annuities and contracting bond-debts, it did not augment the stock upon which the proprietors could claim a dividend. It augmented, however, their trading stock, it being equally liable with the other £3,200,000 to the losses sustained, and debts contracted, by the company in prosecution of

their mercantile projects. From 1708, or at least from 1711, this company, being delivered from all competitors, and fully established in the monopoly of the English commerce to the East Indies, carried on a successful trade, and from their profits made annually a moderate dividend to their proprietors. During the French war which began in 1741, the ambition of Mr. Duplex, the French governor of Pondicherry, involved them in the wars of the Carnatic, and in the politics of the Indian princes. After many signal successes and equally signal losses, they at last lost Madras, at that time their principal settlement in India. It was restored to them by the treaty of Aix-la-Chapelle, and about this time the spirit of war and conquest seems to have taken possession of their servants in India, and never since to have left them. During the French war which began in 1755, their arms partook of the general good fortune of those of Great Britain. They defended Madras, took Pondicherry, recovered Calcutta, and acquired the revenues of a rich and extensive territory, amounting, it was then said, to upwards of three millions a-year. They remained for several years in quiet possession of this revenue but in 1767, the administration laid claim to their territorial acquisitions, and the revenue arising from them, as of right belonging to the crown, and the company, in compensation for this claim, agreed to pay to government £400,000 a-year. They had before this gradually augmented their dividend from about six to ten per cent., that is, upon their capital of £3,200,000, they had increased it by £128,000, or had raised it from £192,000, to £320,000 a-year. They were attempting about this time to raise it still further, to twelve and a-half per cent which would have made their annual payments to their proprietors equal to what they had agreed to pay annually to government, or to £400,000 a-year. But during the two years in which their agreement with government was to take place, they were restrained from any further increase of dividend by two successive acts of parliament, of which the object was to enable them to make a speedier progress in the payment of their debts, which were at this time estimated at upwards of six or seven millions sterling. In 1769, they renewed their agreement with government for five years more, and stipulated, that during the course of that period they should be allowed gradually to increase their dividend to twelve and a-half per cent., never increasing it, however, more than one per cent. in one year. This increase of dividend, therefore, when it had risen to its utmost height, could augment their annual payments, to their proprietors and government together, but by £608,000, beyond what they had been before their late territorial acquisitions. What the gross revenue of those territorial acquisitions was supposed to amount to, has already been mentioned, and by an account brought by the

Except the four trades above mentioned, I have not been able to recollect any other in which all the three circumstances, requisite for rendering reasonable the establishment of a joint stock company concur. The English copper company of London, the lead smelting company, the glass grinding company, have not even the pretext of any great or singular utility in the object which they pursue, nor does the pursuit of that object seem to require any expense unsuitable to the fortunes of many private men. Whether the trade which those companies carry on is reducible to such strict rule and method as to render it fit for the management of a joint-stock company, or whether they have any reason to boast of their extraordinary profits, I do not pretend to know. The mine adventurers' company has been long ago bankrupt. A share in the stock of the British Linen Company of Edinburgh sells, at present, very much below par, though less so than it did some years ago. The joint stock companies, which are established for the public-spirited purpose of promoting some particular manufacture, over and above managing their own affairs ill, to the diminution of the general stock of the society, can in other respects scarce ever fail to do more harm than good. Notwithstanding the most upright intentions, the unavoidable partiality of their directors to particular branches of the manufacture, of which the undertakers mislead and impose upon them, is a real discouragement to the rest, and necessarily breaks, more or less, that natural proportion which would otherwise establish itself between judicious industry and profit, and which, to the general industry of the country is of all encouragements the greatest and most effectual.

ARTICLE II — *Expense of the Institutions for the Education of Youth*
 THE institutions for the education of the youth may, in the same manner, furnish a revenue sufficient for defraying their own expense. The fee or honorary which the scholar pays to the master naturally constitutes a revenue of this kind.

Even where the reward of the master does not arise altogether from this natural revenue, it still is not necessary that it should be derived from that general revenue of the society, of which the collection and application are, in most countries, assigned to the executive power. Through the greater part of Europe, accordingly, the endowments of schools and colleges make either no charge upon that general revenue, or but a very small one. It everywhere arises chiefly from some local or provincial revenue, from the rent of some landed estate, or from the interest of some sum of money allotted and put under the management of trustees for this particular purpose, sometimes by the sovereign himself, and sometimes by some private donor.

Have those public endowments contributed in general to promote the end of their institution? Have they contributed to encourage the diligence and to improve the abilities of the teachers? Have they directed the course of education towards objects more useful, both to the individual and to the public, than those to which it would naturally have gone of its own accord? It should not seem very difficult to give at least a probable answer to each of those questions

In every profession, the exertion of the greater part of those who exercise it is always in proportion to the necessity they are under of making that exertion. This necessity is greatest with those to whom the emoluments of their profession are the only source from which they expect their fortune, or even their ordinary revenue and subsistence. In order to acquire this fortune, or even to get this subsistence, they must, in the course of a year, execute a certain quantity of work of a known value, and where the competition is free, the rivalry of competitors, who are all endeavouring to justle one another out of employment, obliges every man to endeavour to execute his work with a certain degree of exactness. The greatness of the objects which are to be acquired by success in some particular professions may no doubt sometimes animate the exertion of a few men of extraordinary spirit and ambition. Great objects, however, are evidently not necessary in order to occasion the greatest exertions. Rivalship and emulation render excellency, even in mean professions, an object of ambition, and frequently occasion the very greatest exertions. Great objects, on the contrary, alone and unsupported by the necessity of application, have seldom been sufficient to occasion any considerable exertion. In England, success in the profession of the law leads to some very great objects of ambition, and yet how few men, born to easy fortunes, have ever in this country been eminent in that profession?

The endowments of schools and colleges have necessarily diminished more or less the necessity of application in the teachers. Their subsistence, so far as it arises from their salaries, is evidently derived from a fund altogether independent of their success and reputation in their particular professions.

In some universities the salaries make but a part, and frequently but a small part of the emoluments of the teacher, of which the greater part arises from the honoraries or fees of his pupils. The necessity of application, though always more or less diminished, is not in this case entirely taken away. Reputation in his profession is still of some importance to him, and he still has some dependency upon the affection, gratitude, and favourable report of those who have attended upon his instructions, and these favourable sentiments he is likely to gain in no way so well as by deserving

apophthegms, or wise sayings, like the Proverbs of Solomon, the verses of Theognis and Phocylides, and some parts of the works of Hesiod. They might continue in this manner for a long time merely to multiply the number of those maxims of prudence and morality, without even attempting to arrange them in any very distinct or methodical order, much less to connect them together by one or more general principles, from which they were all deducible, like effects from their natural causes. The beauty of a systematical arrangement of different observations connected by a few common principles, was first seen in the rude essays of those ancient times towards a system of natural philosophy. Something of the same kind was afterwards attempted in morals. The maxims of common life were arranged in some methodical order, and connected together by a few common principles, in the same manner as they had attempted to arrange and connect the phenomena of nature. The science which pretends to investigate and explain those connecting principles, is what is properly called moral philosophy.

Different authors gave different systems both of natural and moral philosophy. But the arguments by which they supported those different systems, far from being always demonstrations, were frequently at best but very slender probabilities, and sometimes mere sophisms, which had no other foundation but the inaccuracy and ambiguity of common language. Speculative systems have in all ages of the world been adopted for reasons too frivolous to have determined the judgment of any man of common sense, in a matter of the smallest pecuniary interest. Gross sophistry has scarce ever had any influence upon the opinions of mankind, except in matters of philosophy and speculation, and in these it has frequently had the greatest. The patrons of each system of natural and moral philosophy naturally endeavoured to expose the weakness of the arguments adduced to support the systems which were opposite to their own. In examining those arguments, they were necessarily led to consider the difference between a probable and a demonstrative argument, between a fallacious and a conclusive one, and logic, or the science of the general principles of good and bad reasoning, necessarily arose out of the observations which a scrutiny of this kind gave occasion to. Though in its origin, posterior both to physics and to ethics, it was commonly taught, not indeed in all, but in the greater part of the ancient schools of philosophy, previously to either of those sciences. The student, it seems to have been thought, ought to understand well the difference between good and bad reasoning, before he was led to reason upon subjects of so great importance.

This ancient division of philosophy into three parts was in the greater part of the universities of Europe, changed for that of five.

In the ancient philosophy, whatever was taught concerning the nature either of the human mind or of the Deity, made a part of the system of physics. Those beings, in whatever their essence might be supposed to consist, were parts of the great system of the universe, and parts, too, productive of the most important effects. Whatever human reason could either conclude or conjecture concerning them, made, as it were, two chapters, though no doubt two very important ones, of the science which pretended to give an account of the origin and revolutions of the great system of the universe. But in the universities of Europe, where philosophy was taught only as subservient to theology, it was natural to dwell longer upon these two chapters than upon any other of the science. They were gradually more and more extended, and were divided into many inferior chapters, till at last the doctrine of spirits, of which so little can be known, came to take up as much room in the system of philosophy as the doctrine of bodies, of which so much can be known. The doctrines concerning those two subjects were considered as making two distinct sciences. What are called metaphysics or pneumatistics were set in opposition to physics, and were cultivated not only as the more sublime, but, for the purpose of a particular profession, as the more useful science of the two. The proper subject of experiment and observation, a subject in which a careful attention is capable of making so many useful discoveries, was almost entirely neglected. The subject in which, after a few very simple and almost obvious truths, the most careful attention can discover nothing but obscurity and uncertainty and can consequently produce nothing but subtleties and sophisms, was greatly cultivated.

When those two sciences had thus been set in opposition to one another, the comparison between them naturally gave birth to a third: to what was called ontology, or the science which treated of the qualities and attributes which were common to both the subjects of the other two sciences. But if subtleties and sophisms composed the greater part of the metaphysics or pneumatistics of the schools, they composed the whole of this cobweb science of ontology, which was likewise sometimes called metaphysics.

Wherein consisted the happiness and perfection of a man, considered not only as an individual, but as the member of a family, of a state, and of the great society of mankind, was the object which the ancient moral philosophy proposed to investigate. In that philosophy the duties of human life were treated of as subservient to the happiness and perfection of human life. But when moral, as well as natural philosophy, came to be taught only as subservient to theology, the duties of human life were treated of as chiefly subservient to the happiness of a life to come. In the ancient philosophy the perfection of virtue was represented as

much dearer, he is likely to have so few customers that his circumstances will not be much mended. The privileges of graduation, besides, are in many countries necessary, or at least extremely convenient to most men of learned professions, that is, to the far greater part of those who have occasion for a learned education. But those privileges can be obtained only by attending the lectures of the public teachers. The most careful attendance upon the ablest instructions of any private teacher cannot always give any title to demand them. It is from these different causes that the private teacher of any of the sciences which are commonly taught in universities is in modern times generally considered as in the very lowest order of men of letters. A man of real abilities can scarce find out a more humiliating or a more unprofitable employment to turn them to. The endowments of schools and colleges have in this manner not only corrupted the diligence of public teachers, but have rendered it almost impossible to have any good private ones.

Were there no public institutions for education, no system, no science, would be taught for which there was not some demand; or which the circumstances of the times did not render it either necessary, or convenient, or, at least, fashionable, to learn. A private teacher could never find his account in teaching, either an exploded and antiquated system of a science, acknowledged to be useful, or a science, universally believed to be a mere useless and pedantic heap of sophistry and nonsense. Such systems, such sciences, can subsist nowhere but in those incorporated societies for education, whose prosperity and revenue are, in a great measure, independent of their reputation, and altogether independent of their industry. Were there no public institutions for education, a gentleman, after going through, with application and abilities, the most complete course of education which the circumstances of the times were supposed to afford, could not come into the world completely ignorant of everything which is the common subject of conversation among gentlemen and men of the world.

There are no public institutions for the education of women, and there is accordingly nothing useless, absurd, or fantastical, in the common course of their education. They are taught what their parents or guardians judge it necessary or useful for them to learn and they are taught nothing else. Every part of their education tends evidently to some useful purpose, either to improve the natural attractions of their person, or to form their mind to reserve to modesty, to chastity, and to economy, to render them both likely to become the mistresses of a family, and to behave properly when they have become such. In every part of her life, a woman feels some convenience or advantage from every part of her education. It seldom happens that a man, in any part of his life, derives

any convenience or advantage from some of the most laborious and troublesome parts of his education

Ought the public, therefore, to give no attention, it may be asked, to the education of the people? Or, if it ought to give any, what are the different parts of education, which it ought to attend to, in the different orders of the people? and in what manner ought it to attend to them?

In some cases, the state of the society necessarily places the greater part of individuals in such situations as naturally form in them, without any attention of government, almost all the abilities and virtues which that state requires, or, perhaps, can admit of. In other cases, the state of the society does not place the greater part of individuals in such situations, and some attention of government is necessary, in order to prevent the almost entire corruption and degeneracy of the great body of the people

In the progress of the division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, comes to be confined to a few very simple operations, frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects, too, are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and, consequently, of forming any just judgment concerning many, even, of the ordinary duties of private life. Of the great and extensive interests of his country, he is altogether incapable of judging, and unless very particular pains have been taken to render him otherwise, he is equally incapable of defending his country in war. The uniformity of his stationary life naturally corrupts the courage of his mind, and makes him regard with abhorrence the irregular, uncertain, and adventurous life of a soldier. It corrupts even the activity of his body, and renders him incapable of exerting his strength with vigour and perseverance, in any other employment than that to which he has been bred. His dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social, and martial virtues. But in every improved and civilized society, this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it.

seem very much to have abated the zeal and activity of those teachers. They have many of them become very learned, ingenious, and respectable men, but they have in general ceased to be very popular preachers. The Methodists, without half the learning of the Dissenters, are more in vogue.

In the church of Rome, the industry and zeal of the inferior clergy are kept more alive by the powerful motive of self-interest than perhaps in any established Protestant church. The parochial clergy derive, many of them, a very considerable part of their subsistence from the voluntary oblations of the people, a source of revenue which confession gives them many opportunities of improving. The mendicant orders derive their whole subsistence from such oblations. It is with them, as with the hussars and light infantry of some armies, no plunder no pay. The parochial clergy are like those teachers whose reward depends partly upon their salary, and partly upon the fees or honoraries which they get from their pupils, and these must always depend more or less upon their industry and reputation. The mendicant orders are like those teachers whose subsistence depends altogether upon their industry. They are obliged, therefore, to use every art which can animate the devotion of the common people. The establishment of the two great mendicant orders of St. Dominic and St. Francis, it is observed by Machiavel, revived, in the thirteenth and fourteenth centuries, the languishing faith and devotion of the Catholic Church. In Roman Catholic countries the spirit of devotion is supported altogether by the monks and by the poorer parochial clergy. The great dignitaries of the Church, with all the accomplishments of gentlemen and men of the world, and sometimes with those of men of learning, are careful enough to maintain the necessary discipline over their inferiors, but seldom give themselves any trouble about the instruction of the people.

'Most of the arts and professions in a state,' says by far the most illustrious philosopher and historian of the present age, 'are of such a nature that, while they promote the interests of the society, they are also useful or agreeable to some individuals, and in that case, the constant rule of the magistrate, except, perhaps, on the first introduction of any art, is, to leave the profession to itself, and trust its encouragement to the individuals who reap the benefit of it. The artizans, finding their profits to rise by the favour of their customers, increase, as much as possible, their skill and industry, and as matters are not disturbed by any injudicious tampering, the commodity is always sure to be at all times nearly proportioned to the demand.'

'But there are also some callings which, though useful and even necessary in a state, bring no advantage or pleasure to any individual, and the supreme power is obliged to alter its conduct.'

'with regard to the retainers of those professions It must give them public encouragement in order to their subsistence , and it must provide against that negligence to which they will naturally be subject, either by annexing particular honours to the profession, by establishing a long subordination of ranks and a strict dependence, or by some other expedient The persons employed in the finances, fleets, and magistracy, are instances of this order of men

'It may naturally be thought, at first sight, that the ecclesiastics belong to the first class, and that their encouragement, as well as that of lawyers and physicians, may safely be entrusted to the liberality of individuals who are attached to their doctrines, and who find benefit or consolation from their spiritual ministry and assistance Their industry and vigilance will, no doubt, be whetted by such an additional motive , and their skill in the profession, as well as their address in governing the minds of the people, must receive daily increase, from their increasing practice, study, and attention

'But if we consider the matter more closely, we shall find that this interested diligence of the clergy is what every wise legislator will study to prevent , because in every religion except the true, it is highly pernicious, and it has even a natural tendency to pervert the true, by infusing into it a strong mixture of superstition, folly, and delusion Each ghostly practitioner, in order to render himself more precious and sacred in the eyes of his retainers, will inspire them with the most violent abhorrence of all other sects, and continually endeavour, by some novelty, to excite the languid devotion of his audience No regard will be paid to the truth, morals, or decency, in the doctrines inculcated Every tenet will be adopted that best suits the disorderly affections of the human frame Customers will be drawn to each conventicle by new industry and address in practising on the passions and credulity of the populace And in the end the civil magistrate will find that he has dearly paid for his pretended frugality in saving a fixed establishment for the priests , and that in reality the most decent and advantageous composition which he can make with the spiritual guides is to bribe their indolence, by assigning stated salaries to their profession, and rendering it superfluous for them to be farther active than merely to prevent their flock from straying in quest of new pastures And in this manner ecclesiastical establishments, though commonly they arose at first from religious views, prove in the end advantageous to the political interests of society'

But whatever may have been the good or bad effects of the independent provision of the clergy , it has, perhaps, been very seldom bestowed upon them from any view to those effects Times

the established church. The public tranquillity, however, and his own security, may frequently depend upon the doctrines which they may think proper to propagate concerning such matters. As he can seldom directly oppose their decision, therefore, with proper weight and authority, it is necessary that he should be able to influence it, and he can influence it only by the fears and expectations which he may excite in the greater part of the individuals of the order. Those fears and expectations may consist in the fear of deprivation or other punishment, and in the expectation of further preferment.

In all Christian churches the benefices of the clergy are a sort of freeholds which they enjoy, not during pleasure, but during life, or good behaviour. If they held them by a more precarious tenure, and were liable to be turned out upon every slight disobligation, either of the sovereign or of his ministers, it would perhaps be impossible for them to maintain their authority with the people, who would then consider them as mercenary dependents upon the court, in the sincerity of whose instruction they could no longer have any confidence. But should the sovereign attempt irregularly and by violence to deprive any number of clergy men of their freeholds, on account, perhaps, of their having propagated, with more than ordinary zeal, some factious or seditious doctrine, he would only render by such persecution both them and their doctrine ten times more popular, and therefore ten times more troublesome and dangerous than they had been before. Fear is in almost all cases a wretched instrument of government, and ought in particular never to be employed against any order of men who have the smallest pretensions to independency. To attempt to terrify them serves only to irritate their bad humour, and to confirm them in an opposition which more gentle usage perhaps might easily induce them either to soften or to lay aside altogether. The violence which the French government usually employed in order to oblige all their parliaments, or sovereign courts of justice, to enregister any unpopular edict, very seldom succeeded. The means commonly employed, however, the imprisonment of all the refractory members, one would think were forcible enough. The princes of the house of Stuart sometimes employed the like means in order to influence some of the members of the parliament of England, and they generally found them equally intractable. The parliament of England is now managed in another manner, and a very small experiment which the Duke of Choiseul made about twelve years ago upon the parliament of Paris, demonstrated sufficiently that all the parliaments of France might have been managed still more easily in the same manner. That experiment was not pursued. For though management and persuasion are always the easiest and the safest instruments of government, as force and violence are the

worst and the most dangerous, yet such, it seems, is the natural insolence of man, that he almost always despairs to use the good instrument, except when he cannot or dare not use the bad one. The French government could and durst use force, and therefore declined to use management and persuasion. But there is no order of men, it appears, I believe, from the experience of all ages, upon whom it is so dangerous, or rather so perfectly ruinous, to employ force and violence, as upon the respected clergy of any established church. The rights, the privileges, the personal liberty of every individual ecclesiastic who is upon good terms with his own order, are, even in the most despotic governments, more respected than those of any other person of nearly equal rank and fortune. It is so in every gradation of despotism, from that of the gentle and mild government of Paris, to that of the violent and furious government of Constantinople. But though this order of men can scarce ever be forced, they may be managed as easily as any other, and the security of the sovereign, as well as the public tranquillity, seems to depend very much upon the means which he has of managing them, and those means seem to consist altogether in the preferment which he has to bestow upon them.

In the ancient constitution of the Christian church, the bishop of each diocese was elected by the joint votes of the clergy and of the people of the episcopal city. The people did not long retain their right of election, and while they did retain it, they almost always acted under the influence of the clergy, who in such spiritual matters appeared to be their natural guides. The clergy, however, soon grew weary of the trouble of managing them, and found it easier to elect their own bishops themselves. The abbot, in the same manner, was elected by the monks of the monastery, at least in the greater part of abbeys. All the inferior ecclesiastical benefices comprehended within the diocese were collated by the bishop, who bestowed them upon such ecclesiastics as he thought proper. All church preferments were in this manner in the disposal of the church. The sovereign, though he might have some indirect influence in those elections, and though it was sometimes usual to ask both his consent to elect, and his approbation of the election, yet had no direct or sufficient means of managing the clergy. The ambition of every clergyman naturally led him to pay court, not so much to his sovereign, or to his own order, from which only he could expect preferment.

Through the greater part of Europe the Pope gradually drew to himself first the collation of almost all bishoprics and abbeys, or of what were called the consistorial benefices, and afterwards by various machinations and pretences, of the greater part of inferior benefices comprehended with each diocese, little more being left to the bishop than what was barely necessary to give him a decent

weak, unpopular, and not very firmly established, the Reformation was strong enough to overturn, not only the church, but the state likewise, for attempting to support the church.

Among the followers of the Reformation, dispersed in all the different countries of Europe, there was no general tribunal, which, like that of the court of Rome, or an ecumenical council, could settle all disputes among them, and with irresistible authority prescribe to all of them the precise limits of orthodoxy. When the followers of the Reformation in one country, therefore, happened to differ from their brethren in another, as they had no common judge to appeal to, the dispute could never be decided; and many such disputes arose among them. Those concerning the government of the church, and the right of conferring ecclesiastical benefices, were perhaps the most interesting to the peace and welfare of civil society. They gave birth accordingly to the two principal parties or sects among the followers of the reformation, the Lutheran and Calvinistic sects, the only sects among them of which the doctrine and discipline have every yet been established by law in any part of Europe.

The followers of Luther, together with what is called the Church of England, preserved more or less of the episcopal government, established subordination among the clergy, gave the sovereign the disposal of all the bishoprics, and other consistorial benefices within his dominions, and thereby rendered him the real head of the church, and without depriving the bishop of the right of collating to the smaller benefices within his diocese, they even to those benefices, not only admitted, but favoured the right of presentation both in the sovereign and in all other lay patrons. This system of church government was from the beginning favourable to peace and good order, and to submission to the civil sovereign. It has never, accordingly, been the occasion of any tumult or civil commotion in any country in which it has once been established. The Church of England in particular has always valued herself, with great reason, upon the unexceptionable loyalty of her principles. Under such a government the clergy naturally endeavour to recommend themselves to the sovereign, to the court, and to the nobility and gentry of the country, by whose influence they chiefly expect to obtain preferment. They pay court to those patrons, sometimes, no doubt, by the vilest flattery and assentation, but frequently, too, by cultivating all those arts which best deserve, and which are therefore most likely to gain them the esteem of people of rank and fortune, by their knowledge in all the different branches of useful and ornamental learning, by the decent liberality of their manners, by the social good humour of their conversation, and by their avowed contempt of those absurd and hypocritical austerities which fanatics incul-

cite and pretend to practise, in order to draw upon themselves the veneration, and upon the greater part of men of rank and fortune, who avow that they do not practise them, the abhorrence of the common people. Such a clergy, while they pay their court in this manner to the higher ranks of life, are very apt to neglect altogether the means of maintaining their influence and authority with the lower. They are listened to, esteemed and respected by their superiors, but before their inferiors they are frequently incapable of descending, effectually and to the conviction of such hearers, their own sober and moderate doctrines against the most ignorant enthusiast who chooses to attack them.

The followers of Zwinglius, or more properly those of Calvin, on the contrary, bestowed upon the people of each parish, whenever the church became vacant, the right of electing their own pastor, and established at the same time the most perfect equality among the clergy. The former part of this institution, as long as it remained in vigour, seems to have been productive of nothing but disorder and confusion, and to have tended equally to corrupt the morals both of the clergy and of the people. The latter part seems never to have had any effects but what were perfectly agreeable.

As long as the people of each parish preserved the right of electing their own pastors, they acted almost always under the influence of the clergy, and generally of the most factious and fanatical of the order. The clergy, in order to preserve their influence in those popular elections, became, or affected to become, many of them, fanatics themselves, encouraged fanaticism among the people, and gave the preference almost always to the most fanatical candidate. So small a matter as the appointment of a parish priest occasioned almost always a violent contest, not only in one parish, but in all the neighbouring parishes, who seldom failed to take part in the quarrel. When the parish happened to be situated in a great city, it divided all the inhabitants into two parties, and when that city happened either to constitute itself a little republic, or to be the head and capital of a little republic, as is the case with many of the considerable cities of Switzerland and Holland, every paltry dispute of this kind, over and above exasperating the animosity of all their other factions, threatened to leave behind it both a new schism in the church and a new faction in the state. In those small republics, therefore, the magistrate very soon found it necessary, for the sake of preserving the public peace, to assume to himself the right of presenting to all vacant benefices. In Scotland, the most extensive country in which this presbyterian form of church government has ever been established, the rights of patronage were in effect abolished by the act which established presbytery in the beginning of the reign of William III. That act at least put it in the power of certain

thereby discharge the general revenue of the society from a very considerable burden

The expense of the institutions for education and religious instruction is likewise, no doubt, beneficial to the whole society, and may therefore, without injury, be defrayed by the general contribution of the whole society. The expense might, perhaps, with equal propriety, and even with some advantage, be defrayed altogether by those who receive the immediate benefit of such education and instruction, or by the voluntary contribution of those who think they have occasion for either one or the other.

When the institutions or public works which are beneficial to the whole society either cannot be maintained altogether, or are not maintained altogether by the contribution of such particular members of the society as are most immediately benefited by them, the deficiency must, in most cases, be made up by the general contribution of the whole society. The general revenue of the society, over and above defraying the expense of defending the society, and of supporting the dignity of the chief magistrate, must make up for the deficiency of many particular branches of revenue. The sources of this general or public revenue I shall endeavour to explain in the following chapter.

CHAP. II.—Sources of the general or public Revenue of the Society
—The revenue which must defray, not only the expense of defending the society and of supporting the dignity of the chief magistrate, but all the other necessary expenses of government, for which the constitution of the state has not provided any particular revenue, may be drawn, either, first, by some fund which peculiarly belongs to the sovereign or commonwealth, and which is independent of the revenue of the people, or, secondly, from the revenue of the people.

PART I.—Of the Funds or Sources of Revenue which may peculiarly belong to the Sovereign or Commonwealth—The funds or sources of revenue which may peculiarly belong to the sovereign or commonwealth consist either in stock or in land.

The sovereign, like any other owner of stock, may derive a revenue from it, either by employing it himself, or by lending it. His revenue is in the one case profit, in the other interest.

The revenue of a Tartar or Arabian chief consists in profit. It arises principally from the milk and increase of his own herds and flocks, of which he himself superintends the management, and is the principal shepherd or herdsman of his own horde or tribe. It is, however, in this earliest and rudest state of civil government only that profit has been made to form the principal part of the public revenue of a monarchical state.

Small republics have sometimes derived a considerable revenue from the profit of mercantile projects. The republic of Hamburg is said to do so from the profits of a public wine cellar and apothecary's shop *. The state cannot be very great of which the sovereign has leisure to carry on the trade of a wine merchant or apothecary. The profit of a public bank has been a source of revenue to more considerable states. It has been so, not only to Hamburg, but to Venice and Amsterdam. A revenue of this kind has even, by some people, been thought not below the attention of so great an empire as that of Great Britain. Reckoning the ordinary dividend of the Bank of England at five and a half per cent, and its capital at £10,780,000, the net annual profit, after paying the expense of management, must amount, it is said, to £592,900. Government, it is pretended, could borrow this capital at three per cent. interest, and by taking the management of the bank into its own hands, might make a clear profit of £269,500 a year. The orderly, vigilant, and parsimonious administration of such aristocracies as those of Venice and Amsterdam, is extremely proper, it appears from experience, for the management of a mercantile project of this kind. But whether such a government as that of England (which, whatever may be its virtues, has never been famous for good economy, which, in time of peace, has generally conducted itself with the slothful and negligent profusion that is, perhaps, natural to monarchies, and, in time of war, has constantly acted with all the thoughtless extravagance that democracies are apt to fall into) could be safely trusted with the management of such a project, must, at least, be a good deal more doubtful.

The post-office is properly a mercantile project. The government advances the expense of establishing the different offices, and of buying or hiring the necessary horses or carriages, and is repaid with a large profit, by the duties upon what is carried. It is, perhaps, the only mercantile project which has been successfully managed by, I believe, every sort of government. The capital to be advanced is not very considerable. There is no mystery in the business. The returns are not only certain, but immediate.

Princes, however, have frequently engaged in many other mercantile projects, and have been willing, like private persons, to mend their fortunes by becoming adventurers in the common branches of trade. They have scarce ever succeeded. The profusion with which the

* See *Mémoires concernant les Droits et Impositions en Europe*, tome 1, page 73. This work was compiled by the order of the court for the use of a commission, employed for some years past in considering the proper means for reorganizing the finances of France. The account of the French taxes (3 vols., qto), being the finances of other European nations was may be regarded as authentic. That of those of other European nations was compiled from such information as the French ministers at the different courts could procure. It is shorter, and, probably, not quite so exact, as that of the French taxes.

of this maxim consists, what is called, the equality or inequality of taxation. Every tax, it must be observed, once for all, which falls finally upon one only of the three sorts of revenue above mentioned, is necessarily unequal, in so far as it does not affect the other two. In the following examination of different taxes I shall seldom take much further notice of this sort of inequality, but shall, in most cases, confine my observations to that inequality, which is occasioned by a particular tax falling unequally even upon that particular sort of private revenue which is affected by it.

II The tax which each individual is bound to pay, ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. Where it is otherwise, every person subject to the tax is put more or less in the power of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such aggravation, some present or perquisite to himself. The uncertainty of taxation encourages the insolence and favours the corruption of an order of men who are naturally unpopular, even where they are neither insolent nor corrupt. The certainty of what each individual ought to pay is, in taxation, a matter of so great importance, that a very considerable degree of inequality, it appears, I believe, from the experience of all nations, is not near so great an evil as a very small degree of uncertainty.

III Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay, or when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury, are all finally paid by the consumer, and generally in a manner that is very convenient for him. He pays them by little and little, as he has occasion to buy the goods. As he is at liberty, too, either to buy, or not to buy, as he pleases, it must be his own fault if he ever suffers any considerable inconvenience from such taxes.

IV Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury, in the four following ways. First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the produce of the tax, and whose perquisites may impose another additional tax upon the people. Secondly, it may obstruct the industry of the people, and discourage them from applying to certain

branches of business which might give maintenance and employment to great multitudes While it obliges the people to pay, it may thus diminish, or perhaps destroy, some of the funds which might enable them more easily to do so Thirdly, by the forfeitures and other penalties which those unfortunate individuals incur who attempt unsuccessfully to evade the tax, it may frequently ruin them, and thereby put an end to the benefit which the community might have received from the employment of their capitals An injudicious tax offers a great temptation to smuggling But the penalties of smuggling must rise in proportion to the temptation The law, contrary to all the ordinary principles of justice, first creates the temptation, and then punishes those who yield to it, and it commonly enhances the punishment, too, in proportion to the very circumstance which ought certainly to alleviate it, the temptation to commit the crime Fourthly, by subjecting the people to the frequent visits and the odious examination of the tax-gatherers it may expose them to much unnecessary trouble, vexation, and oppression , and though vexation is not, strictly speaking, expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it It is in some one or other of these four different ways that taxes are frequently so much more burdensome to the people than they are beneficial to the sovereign

The evident justice and utility of the foregoing maxims have recommended them more or less to the attention of all nations All nations, have endeavoured, to the best of their judgment, to render their taxes as equal as they could contrive , as certain, as convenient to the contributor, both in the time and in the mode of payment, and in proportion to the revenue which they brought to the prince, as little burdensome to the people The following short review of some of the principal taxes which have taken place in different ages and countries will show, that the endeavours of all nations have not in this respect been equally successful

ARTICLE I — *Taxes upon Rent Taxes upon the Rent of Land* — A tax upon the rent of land may either be imposed according to a certain canon, every district being valued at a certain rent, which valuation is not afterwards to be altered , or it may be imposed in such a manner as to vary with every variation in the real rent of the land, and to rise or fall with the improvement or the declension of its cultivation

A land-tax which, like that of Great Britain, is assessed upon each district according to a certain invariable canon, though it should be equal at the time of its first establishment, necessarily becomes unequal in process of time, according to the unequal degrees of improvement or neglect in the cultivation of the different

church is taxed much higher than that of lay proprietors. The revenue of the church is, the greater part of it, a burden upon the rent of the land. It seldom happens that any part of it is applied towards the improvement of land, or is so employed as to contribute in any respect towards the great body of the people. His Prussian majesty had probably, upon that account, thought it reasonable that it should contribute a good deal more towards relieving the exigencies of the state. In some countries the lands of the church are exempted from all taxes; in others they are taxed more lightly than other lands. In the duchy of Milan the lands which the church possessed before 1575 are rated to the tax at a third only of their value.

In Silesia lands held by a noble tenure are taxed 3 per cent. higher than those held by a base tenure. The honours and privileges of different kinds annexed to the former, his Prussian majesty had probably imagined, would sufficiently compensate to the proprietor a small aggravation of the tax, while at the same time the humiliating inferiority of the latter would be in some measure alleviated by being taxed somewhat more lightly. In other countries the system of taxation, instead of alleviating, aggravates this inequality. In the dominions of the king of Sardinia, and in those provinces of France which are subject to what is called the real or *predial taille*, the tax falls altogether upon the lands held by a base tenure. Those held by a noble one are exempted.

A land-tax assessed according to a general survey and valuation, how equal soever it may be at first, must, in the course of a very moderate period of time, become unequal. To prevent its becoming so would require the continual and painful attention of government to all the variations in the state and produce of every different farm in the country. The governments of Prussia, of Bohemia, of Sardinia, and of the duchy of Milan actually exert an attention of this kind, an attention so unsuitable to the nature of government that it is not likely to be of long continuance, and which, if it is continued, will probably in the long run occasion much more trouble and vexation than it can possibly bring relief to the contributors.

In 1666 the generality of Montauban was assessed to the real *predial taille*, according, it is said, to a very exact survey and valuation.* By 1727 this assessment had become altogether unequal. In order to remedy this inconveniency, government has found no better expedient than to impose upon the whole generality an additional tax of 12,000 livres. This additional tax is rated upon all the different districts subject to the *taille* according to the old assessment. But it is levied only upon those which in the actual state of things are by that assessment undertaxed, and it is

* *Mémoires concernant les Droits, etc., tome II, p. 139, etc.*

applied to the relief of those which by the same assessment are overtaxed. Two districts, for example, one of which ought in the actual state of things to be taxed at 900, the other at 1,100 livres, are by the old assessment both taxed at 1,000 livres. Both these districts are by the additional tax rated at 1,100 livres each. But this additional tax is levied only upon the district undercharged, and it is applied altogether to the relief of that overcharged, which consequently pays only nine hundred livres. The government neither gains nor loses by the additional tax, which is applied altogether to remedy the inequalities arising from the old assessment. The application is pretty much regulated according to the discretion of the intendant of the generality, and must, therefore, be in a great measure arbitrary.

Taxes which are Proportioned, not to the Rent, but to the Produce of Land—Taxes upon the produce of land are in reality taxes upon the rent, and though they may be originally advanced by the farmer, are finally paid by the landlord. When a certain portion of the produce is to be paid away for a tax, the farmer computes, as well as he can, what the value of this portion is, one year with another, likely to amount to, and he makes a proportionable abatement in the rent which he agrees to pay to the landlord. There is no farmer who does not compute beforehand what the church tithe, which is a land-tax of this kind, is, one year with another, likely to amount to.

The tithe, and every other land-tax of this kind, under the appearance of perfect equality, are very unequal taxes, a certain portion of the produce being, in different situations, equivalent to a very different portion of the rent. In some very rich lands the produce is so great, that the one-half of it is fully sufficient to replace to the farmer his capital employed in cultivation, together with the ordinary profits of farming stock in the neighbourhood. The other half, or, what comes to the same thing, the value of the other half, he could afford to pay as rent to the landlord, if there was no tithe. But if a tenth of the produce is taken from him in the way of tithe, he must require an abatement of the fifth part of his rent, otherwise he cannot get back his capital with the ordinary profit. In this case the rent of the landlord instead of amounting to a half, or five-tenths, of the whole produce, will amount only to four-tenths of it. In poorer lands, on the contrary, the produce is sometimes so small, and the expense of cultivation so great, that it requires four-fifths of the whole produce to replace to the farmer his capital with the ordinary profit. In this case, though there was no tithe, the rent of the landlord could amount to no more than one-fifth or two-tenths of the whole produce. But if the farmer pays one-tenth of the produce in the way of tithe, he

rent, who acts always as a monopolist, and exacts the greatest rent which can be got for the use of his ground. More or less can be got for it according as the competitors happen to be richer or poorer, or can afford to gratify their fancy for a particular spot of ground at a greater or smaller expense. In every country the greatest number of rich competitors is in the capital, and it is there accordingly that the highest ground-rents are always to be found. As the wealth of those competitors would in no respect be increased by a tax upon ground-rents, they would not probably be disposed to pay more for the use of the ground. Whether the tax was to be advanced by the inhabitant, or by the owner of the ground, would be of little importance. The more the inhabitant was obliged to pay for the tax, the less he would incline to pay for the ground, so that the final payment of the tax would fall altogether upon the owner of the ground-rent. The ground-rents of uninhabited houses ought to pay no tax.

Both ground-rents and the ordinary rent of land are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of this revenue should be taken from him in order to defray the expenses of the state, no discouragement will thereby be given to any sort of industry. The annual produce of the land and labour of the society, the real wealth and revenue of the great body of the people, might be the same after such a tax as before. Ground-rents and the ordinary rent of land are, therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them.

Ground-rents seem, in this respect, a more proper subject of peculiar taxation than even the ordinary rent of land. The ordinary rent of land is, in many cases, owing partly at least to the attention and good management of the landlord. A very heavy tax might discourage too much this attention and good management. Ground-rents, so far as they exceed the ordinary rent of land, are altogether owing to the good government of the sovereign, which, by protecting the industry either of the whole people, or of the inhabitants of some particular place, enables them to pay so much more than its real value for the ground which they build their houses upon, or to make to its owner so much more than compensation for the loss which he might sustain by this use of it. Nothing can be more reasonable than that a fund which owes its existence to the good government of the state, should be taxed peculiarly, or should contribute something more than the greater part of other funds towards the support of that government.

Though, in many different countries of Europe, taxes have been imposed upon the rent of houses, I do not know of any in which ground-rents have been considered as a separate subject of tax-

tion The contrivers of taxes have, probably, found some difficulty in ascertaining what part of the rent ought to be considered as ground-rent, and what part ought to be considered as building rent It should not, however, seem very difficult to distinguish those two parts of the rent from one another

In Great Britain the rent of houses is supposed to be taxed in the same proportion as the rent of land, by what is called the annual land-tax The valuation, according to which each different parish and district is assessed to this tax is always the same It was originally extremely unequal, and it still continues to be so Through the greater part of the kingdom this tax falls still more lightly upon the rent of houses than upon that of land In some few districts only, which were originally rated high, and in which the rents of houses have fallen considerably, the land-tax of 3s or 4s. in the pound, is said to amount to an equal proportion of the real rent of houses Untenanted houses, though by law subject to the tax, are, in most districts, exempted from it by the favour of the assessors, and this exemption sometimes occasions some little variation in the rate of particular houses, though that of the district is always the same Improvements of rent, by new buildings, repairs, etc, go to the discharge of the district, which occasions still further variations in the rate of particular houses

In the province of Holland* every house is taxed at two and a half per cent. of its value, without any regard either to the rent which it actually pays, or to the circumstance of its being tenanted or untenanted There seems to be a hardship in obliging the proprietor to pay a tax for an untenanted house, from which he can derive no revenue, especially so very heavy a tax In Holland, where the market rate of interest does not exceed three per cent, two and a half per cent upon the whole value of the house, must, in most cases, amount to more than a third of the building-rent, perhaps of the whole rent The valuation, indeed, according to which the houses are rated, though very unequal, is said to be always below the real value When a house is rebuilt, improved, or enlarged, there is a new valuation, and the tax is rated accordingly

The contrivers of the several taxes which in England have, at different times, been imposed upon houses, seem to have imagined that there was some great difficulty in ascertaining, with tolerable exactness, what was the real rent of every house They have regulated their taxes, therefore, according to some more obvious circumstance, such as they had probably imagined would, in most cases, bear some proportion to the rent

The first tax of this kind was hearth-money, or a tax of 2s. upon every hearth In order to ascertain how many hearths were

* Mémoires concernant les Droits, etc, p 223.

to the small dealer. The tax of 5s. a week upon every hackney-coach, and that of 10s a year upon every hackney-chair, so far as it is advanced by the different keepers of such coaches and chairs, is exactly enough proportioned to the extent of their respective dealings. It neither favours the great nor oppresses the smaller dealer. The tax of 20s a year for a license to sell ale, of 40s for a license to sell spirituous liquors, and of 40s more for a license to sell wine, being the same upon all retailers, must necessarily give some advantage to the great, and occasion some oppression to the small dealers. The former must find it more easy to get back the tax in the price of their goods than the latter. The moderation of the tax, however, renders this inequality of less importance, and it may to many people appear not improper to give some discouragement to the multiplication of little ale-houses. The tax upon shops, it was intended, should be the same upon all shops. It could not well have been otherwise. It would have been impossible to proportion with tolerable exactness the tax upon a shop to the extent of the trade carried on in it, without such an inquisition as would have been altogether insupportable in a free country. If the tax had been considerable, it would have oppressed the small, and forced almost the whole retail trade into the hands of the great dealers. The competition of the former being taken away, the latter would have enjoyed a monopoly of the trade, and, like all other monopolists, would soon have combined to raise their profits much beyond what was necessary for the payment of the tax. The final payment, instead of falling upon the shopkeeper, would have fallen upon the consumer, with a considerable overcharge to the profit of the shopkeeper. For these reasons, the project of a tax upon shops was laid aside, and in the room of it was substituted the subsidy of 1759.

What in France is called the personal taille is, perhaps, the most important tax upon the profits of stock employed in agriculture that is levied in any part of Europe.

In the disorderly state of Europe during the prevalence of the feudal government, the sovereign was obliged to content himself with taxing those who were too weak to refuse to pay taxes. The great lords, though willing to assist him upon particular emergencies, refused to subject themselves to any constant tax, and he was not strong enough to force them. The occupiers of land all over England were, the greater part of them, originally bondmen. Through the greater part of Europe they were gradually emancipated. Some of them acquired the property of landed estates, which they held by some base or ignoble tenure, sometimes under the King, and sometimes under some other great lord, like the ancient copy-holders of England. Others, without acquiring the property, obtained leases for terms of years of the lands which they occupied.

under their lord, and thus became less dependent upon him. The great lords seem to have beheld the degree of prosperity and enjoy with a malignant and contemptuous indignation, and willingly consented that the sovereign should tax them. In some countries this tax was confined to the lands which were held in property by an ignoble tenure, and in this case the *taille* was said to be real. The land-tax established by the late king of Sardinia, and the *taille* in the provinces of Languedoc, Provence, Dauphiné, and Brittany, in the generality of Montauban, and in the elections of Agen and Condom, as well as in some other districts of France, are taxes upon lands held in property by an ignoble tenure. In other countries the tax was laid upon the supposed profits of all those who held in farm or lease lands belonging to other people, whatever might be the tenure by which the proprietor held them, and in this case the *taille* was said to be personal. In the greater part of those provinces of France, which are called the countries of elections, the *taille* is of this kind. The real *taille*, as it is imposed only upon a part of the lands of the country, is necessarily an unequal, but it is not always an arbitrary tax, though it is so upon some occasions. The personal *taille*, as it is intended to be proportioned to the profits of a certain class of people, which can only be guessed at, is necessarily both arbitrary and unequal.

In France the personal *taille* at present (1775) annually imposed upon the twenty generalities, called the countries of elections, amounts to 40,107,239 livres 16 sous *. The proportion in which this sum is assessed upon those different provinces, varies from year to year, according to the reports which are made to the king's council concerning the goodness or badness of the crops, as well as other circumstances, which may either increase or diminish their respective abilities to pay. Each generality is divided into a certain number of elections, and the proportion in which the sum imposed upon the whole generality is divided among those different elections, varies likewise from year to year, according to the reports made to the council concerning their respective abilities. It seems impossible that the council, with the best intentions, can ever proportion with tolerable exactness, either of those two assessments to the real abilities of the province or district upon which they are respectively laid. Ignorance and misinformation must always, more or less, mislead the most upright council. The proportion which each parish ought to support of what is assessed upon the whole election, and that which each individual ought to support of what is assessed upon his particular parish, are both, in the same manner, varied from year to year, according as circumstances are supposed to require. These circumstances are judged

* *Mémoires concernant les Droits, etc., tome II p. 17*

the property is transferred Taxes upon the sale of land fall altogether upon the seller The seller is almost always under the necessity of selling, and must, therefore, take such a price as he can get The buyer is scarce ever under the necessity of buying, and will, therefore, only give such a price as he likes He considers what the land will cost him in tax and price altogether The more he is obliged to pay in the way of tax, the less he will be disposed to give in the way of price Such taxes, therefore, fall almost always upon a necessitous person, and must, therefore, be frequently very cruel and oppressive Taxes upon the sale of new-built houses, where the building is sold without the ground, fall generally upon the buyer, because the builder must generally have his profit, otherwise he must give up the trade If he advances the tax, therefore, the buyer must generally repay it to him Taxes upon the sale of old houses, for the same reason as those upon the sale of land, fall generally upon the seller, whom, in most cases, either convenience or necessity obliges to sell The number of new-built houses that are annually brought to market, is more or less regulated by the demand Unless the demand is such as to afford the builder his profit, after paying all expenses, he will build no more houses The number of old houses which happen at any time to come to market is regulated by accidents, of which the greater part have no relation to the demand Two or three great bankruptcies in a mercantile town, will bring many houses to sale, which must be sold for what can be got for them Taxes upon the sale of ground rents fall altogether upon the seller, for the same reason as those upon the sale of land Stamp-duties, and duties upon the registration of bonds and contracts for borrowed money, fall altogether upon the borrower, and, in fact, are always paid by him Duties of the same kind upon law proceedings fall upon the suitors They reduce to both the capital value of the subject in dispute The more it costs to acquire any property, the less must be the nett value of it when acquired

All taxes upon the transference of property of every kind, so far as they diminish the capital value of that property, tend to diminish the funds destined for the maintenance of productive labour They are all more or less unthrifly taxes that increase the revenue of the sovereign, which seldom maintains any but unproductive labourers, at the expense of the capital of the people, which maintains none but productive

Such taxes, even when they are proportioned to the value of the property transferred, are still unequal, the frequency of transference not being always equal in property of equal value When they are not proportioned to this value, which is the case with the greater part of the stamp-duties and duties of registration, they are still more so They are in no respect arbitrary, but are or may

be in all cases perfectly clear and certain. Though they sometimes fall upon the person who is not very able to pay, the time of payment is in most cases sufficiently convenient for him. When the payment becomes due, he must in most cases have the money to pay. They are levied at very little expense, and in general subject the contributors to no other inconvenience besides always the unavoidable one of paying the tax.

In France the stamp duties are not much complained of. Those of registration, which they call the *contrôle*, are. They give occasion, it is pretended, to much extortion in the officers of the farmers-general who collect the tax, which is in a great measure arbitrary and uncertain. In the greater part of the labels which have been written against the present system of finances in France, the abuses of the *contrôle* make a principal article. Uncertainty, however, does not seem to be necessarily inherent in the nature of such taxes. If the popular complaints are well founded, the abuse must arise, not so much from the nature of the tax, as from the want of precision and distinctness in the words of the edicts or laws which impose it.

The registration of mortgages, and in general of all rights upon immovable property, as it gives great security both to creditors and purchasers, is extremely advantageous to the public. That of the greater part of deeds of other kinds is frequently inconvenient, and even dangerous to individuals, without any advantage to the public. All registers which, it is acknowledged, ought to be kept secret, ought certainly never to exist. The credit of individuals ought certainly never to depend upon so slender a security as the probity and religion of the inferior officers of revenue. But where the fees of registration have been made a source of revenue to the sovereign, register offices have commonly been multiplied without end, both for the deeds which ought to be registered, and for those which ought not. In France there are several different sorts of secret registers. This abuse, though not perhaps a necessary, it must be acknowledged, is a very natural effect of such taxes.

Such stamp duties as those in England upon cards and dice, upon newspapers and periodical pamphlets, etc., are properly taxes upon consumption, the final payment falls upon the persons who use or consume such commodities. Such stamp-duties as those upon licenses to retail ale, wine, and spirituous liquors, though intended, perhaps, to fall upon the profits of the retailers, are likewise finally paid by the consumers of those liquors. Such taxes, though called by the same name, and levied by the same officers, and in the same manner with the stamp-duties above mentioned upon the transference of property, are, however, of a quite different nature, and fall upon quite different funds.

in the same manner as a direct tax upon the wages of labour. The labourer, though he may pay it out of his hand, cannot, for any considerable time at least, be properly said even to advance it. It must always in the long run be advanced to him by his immediate employer in the advanced rate of wages. His employer, if he is a manufacturer, will charge upon the price of his goods this rise of wages, together with a profit, so that the final payment of the tax, together with this overcharge, will fall upon the consumer. If his employer is a farmer, the final payment, together with a like overcharge, will fall upon the rent of the landlord.

It is otherwise with taxes upon what I call luxuries, even upon those of the poor. The rise in the price of the taxed commodities will not necessarily occasion any rise in the wages of labour. A tax upon tobacco, for example, though a luxury of the poor as well as of the rich, will not raise wages. Though it is taxed in England at three times, and in France at fifteen times, its original price, those high duties seem to have no effect upon the wages of labour. The same thing may be said of the taxes upon tea and sugar, which in England and Holland have become luxuries of the lowest ranks of people, and of those upon chocolate, which in Spain is said to have become so. The different taxes which in Great Britain have, in the course of the present century, been imposed upon spirituous liquors, are not supposed to have had any effect upon the wages of labour. The rise in the price of porter, occasioned by an additional tax of 3s upon the barrel of strong beer, has not raised the wages of common labour in London. These were about eighteen-pence and twenty-pence a day before a tax, and they are not more now.

The high price of such commodities does not necessarily diminish the ability of the inferior ranks of people to bring up families. Upon the sober and industrious poor, taxes upon such commodities act as sumptuary laws, and dispose them either to moderate or to refrain altogether from the use of superfluities which they can no longer easily afford. Their ability to bring up families, in consequence of this forced frugality, instead of being diminished, is frequently perhaps increased by tax. It is the sober and industrious poor who generally bring up the most numerous families, and who principally supply the demand for useful labour. All the poor, indeed, are not sober and industrious, and the dissolute and disorderly might continue to indulge themselves in the use of such commodities after this rise of price in the same manner as before, without regarding the distress which this indulgence might bring upon their families. Such disorderly persons seldom rear up numerous families, their children generally perishing from neglect, mismanagement, and scantiness or unwholesomeness of their food. If by the strength of their constitution

they survive the hardships to which the bad conduct of their parents exposes them, yet the example of that bad conduct commonly corrupts their morals, so that, instead of being useful to society by their industry, they become public nuisances by their vices and disorders. Though the advanced price of the luxuries of the poor, therefore, might increase somewhat the distress of such disorderly families, and thereby diminish somewhat their ability to bring up children, it would not probably diminish much the useful population of the country.

Any rise in the average price of necessaries, unless it is compensated by a proportionable rise in the wages of labour, must necessarily diminish more or less the ability of the poor to bring up numerous families, and consequently to supply the demand for useful labour, whatever may be the state of that demand, whether increasing, stationary, or declining, or such as requires an increasing, stationary, or declining population.

Taxes upon luxuries have no tendency to raise the price of any other commodities except that of the commodities taxed. Taxes upon necessaries, by raising the wages of labour, necessarily tend to raise the price of all manufactures, and consequently to diminish the extent of their sale and consumption. Taxes upon luxuries are finally paid by the consumers of the commodities taxed, without any retribution. They fall indifferently upon every species of revenue, the wages of labour, the profits of stock, and the rent of land. Taxes upon necessities, so far as they affect the labouring poor, are finally paid, partly by landlords in the diminished rent of their lands, and partly by rich consumers, whether landlords or others, in the advanced price of manufactured goods, and always with a considerable overcharge. The advanced price of such manufactures as are real necessities of life, and are destined for the consumption of the poor, of coarse woollens, for example, must be compensated to the poor by a farther advancement of their wages. The middling and superior ranks of people, if they understood their own interest, ought always to oppose all taxes upon the necessities of life, as well as all direct taxes upon wages of labour. The final payment of both one and the other falls altogether upon themselves, and always with a considerable overcharge. They fall heaviest upon the landlords, who always pay in a double capacity, in that of landlords, by the reduction of their rent, and in that of consumers, by the increase of their expense. The observation of Sir Matthew Decker, that certain taxes are, in the price of certain goods, sometimes repeated and accumulated so as to be five times, is perfectly just with regard to taxes upon the necessities of life. In the price of leather, for example, you may find not only for the tax upon the leather of your own skin a but for a part of that upon those of the shoemaker and the tanner. Yet

home produce, and of those which are the particular produce of our colonies has sometimes been prohibited, and sometimes subjected to higher duties. The exportation of English wool has been prohibited. That of beaver skins, of Bencoolen, and of gum senega, has been subjected to higher duties. Great Britain, by the conquest of Canada and Senegal, having got almost the monopoly of those commodities.

That the mercantile system has not been very favourable to the revenue of the great body of the people to the annual produce of the land and labour of the country I have endeavoured to show in the fourth book of this inquiry. It seems not to have been more favourable to the revenue of the sovereign, so far, at least, as that revenue depends upon the duties of customs.

In consequence of that system, the importation of several sorts of goods has been prohibited altogether. This prohibition has in some cases entirely prevented, and in others has very much diminished the importation of those commodities, by reducing the importers to the necessity of smuggling. It has entirely prevented the importation of foreign woollens, and it has very much diminished that of foreign silks and velvets. In both cases, it has entirely annihilated the revenue of customs which might have been levied upon such importation.

The high duties which have been imposed upon the importation of many different sorts of foreign goods, in order to discourage their consumption in Great Britain have in many cases served only to encourage smuggling, and in all cases have reduced the revenue of the customs below what more moderate duties would have afforded. The saying of Dr. Swift that, in the arithmetic of the customs, two and two, instead of making four, make sometimes only one, holds perfectly true with regard to such heavy duties, which never could have been imposed, had not the mercantile system taught us, in many cases, to employ taxation as an instrument, not of revenue, but of monopoly.

The bounties which are sometimes given upon the exportation of home produce and manufactures, and the drawbacks which are paid upon the re-exportation of the greater part of foreign goods have given occasion to many frauds and to a species of smuggling more destructive of the public revenue than any other. In order to obtain the bounty or drawback, the goods, it is well known, are sometimes shipped and sent to sea, but soon afterwards clandestinely relanded in some other part of the country. The defalcation of the revenue of customs occasioned by bounties and drawbacks, of which a great part are obtained fraudulently, is very great. The gross produce of the customs in the year which ended on the 5th of January, 1755, amounted to £5,068,000. The bounties which were paid out of this revenue, though in that year there was no

bounty upon corn, amounted to £167,800 The drawbacks which were paid upon debentures and certificates to £2,156,800 Bounties and drawbacks together amounted to £2,324,600 In consequence of these deductions, the revenue of the customs amounted only to £2,743,400, from which deducting £287,900 for the expense of management in salaries and other incidents, the nett revenue of the customs for that year comes out to be £2,455,500 The expense of management amounts in this manner to between five and six per cent upon the gross revenue of the customs, and to something more than ten per cent upon what remains of that revenue, after deducting what is paid away in bounties and drawbacks

Heavy duties being imposed upon almost all goods imported, our merchant importers smuggle as much and make entry of as little as they can Our merchant exporters, on the contrary, make entry of more than they export, sometimes out of vanity, and to pass for great dealers in goods which pay no duty, and sometimes to gain a bounty or a drawback Our exports, in consequence of these different frauds, appear upon the custom-house books greatly to overbalance our imports, to the unspeakable comfort of those politicians who measure the national prosperity by what they call the balance of trade

All goods imported, unless particularly exempted, and such exemptions are not very numerous, are liable to some duties of customs If any goods are imported not mentioned in the book of rates, they are taxed at 4s 9 $\frac{9}{10}$ d for every 20s value, according to the oath of the importer, that is, nearly at five subsidies, or five poundage duties The book of rates is extremely comprehensive, and enumerates a great variety of articles, many of them little used, and, therefore, not well known It is upon this account frequently uncertain under what article a particular sort of goods ought to be classed, and, consequently, what duty they ought to pay Mistakes with regard to this sometimes ruin the custom-house officer, and frequently occasion much trouble, expense, and vexation to the importer In point of perspicuity, precision, and distinctness, therefore, the duties of customs are much inferior to those of excise

In order that the greater part of the members of any society should contribute to the public revenue in proportion to their respective expense, it does not seem necessary that every single article of that expense should be taxed The revenue, which is levied by the duties of excise, is supposed to fall as equally upon the contributors as that which is levied by the duties of customs, and the duties of excise are imposed upon a few articles only of the most general use and consumption It has been the opinion of many people that, by proper management, the duties of

			£	s	d
In 1772, the old malt tax produced	.	.	722,023	11	11
The additional	.	.	356,776	7	9 $\frac{1}{2}$
In 1773, the old tax produced	.	.	561,627	3	7 $\frac{1}{2}$
The additional	.	.	278,650	15	3 $\frac{1}{2}$
In 1774, the old tax produced	.	.	624,614	17	5 $\frac{1}{2}$
The additional	.	.	310,715	2	8 $\frac{1}{2}$
In 1775, the old tax produced	.	.	657,557	0	8 $\frac{1}{2}$
The additional	.	.	323,755	12	6 $\frac{1}{2}$
			<hr/>		
			183,351,560	12	0 $\frac{1}{2}$
Average of these four years	.	.	<hr/>		
			958,895	3	0 $\frac{1}{2}$
In 1772, the country excise produced	.	.	1,243,128	5	7
The London brewery	.	.	408,280	7	2 $\frac{1}{2}$
In 1773, the country excise	.	.	1,245,608	3	3
The London brewery	.	.	405,400	17	10 $\frac{1}{2}$
In 1774, the country excise	.	.	1,246,373	24	5 $\frac{1}{2}$
The London brewery	.	.	320,601	18	0 $\frac{1}{2}$
In 1775, the country excise	.	.	1,214,583	6	1
The London brewery	.	.	383,670	7	0 $\frac{1}{2}$
			<hr/>		
			4) 6,547,832	19	2 $\frac{1}{2}$

Average of these four years	.	1,636,058	4	9 $\frac{1}{2}$
To which adding the average malt tax, or	.	958,895	3	0 $\frac{1}{2}$
The whole amount of those different taxes comes out to be	.	2,595,953	7	9 $\frac{1}{2}$
By tripling the malt tax, or by raising it from 6s to 18s	.	2,876,685	9	0 $\frac{1}{2}$
upon the qr of malt, that single tax would produce	.	280,832	1	2 $\frac{1}{2}$
A sum which exceeds the foregoing by	.			

Under the old malt tax, indeed, is comprehended a tax of 4s upon the hogshead of cider, and another of 10s upon the barrel of mum. In 1774, the tax upon cider produced only £3,083, 6s 8d. It probably fell somewhat short of its usual amount, all the different taxes upon cider having that year produced less than ordinary. The tax upon mum, though much heavier, is still less productive, on account of the smaller consumption of that liquor. But to balance whatever may be the ordinary amount of those two taxes, there is comprehended under what is called the country excise, I, the old excise of 6s 8d upon the hogshead of cider, II, a like tax of 6s 8d upon the hogshead of verjuice, III, another of 8s 9d upon the hogshead of vinegar, and, IV, a tax of 11d upon the gallon of mead or metheglin. The produce of those different taxes will probably much more than counterbalance that of the duties imposed, by what is called the annual malt tax upon cider and mum.

Malt is consumed not only in the brewery of beer and ale, but in the manufacture of low wines and spirits. If the malt tax were to be raised to 18s upon the quarter, it might be necessary to make some abatement in the different excises which are imposed

upon those particular sorts of low wines and spirits of which malt makes any part of the materials. In what are called malt spirits, it makes commonly but a third part of the materials, the other two thirds being either raw barley, or one-third barley and one-third wheat. In the distillery of malt spirits, both the opportunity and the temptation to smuggle, are much greater than either in a brewery or in a malt-house, the opportunity, on account of the smaller bulk and greater value of the commodity, and the temptation, on account of the superior height of the duties, which amount to 3s 10^½d * upon the gallon of spirits. By increasing the duties upon malt, and reducing those upon the distillery, both the opportunities and the temptation to smuggle would be diminished, which might occasion a still further augmentation of revenue.

It has for some time past been the policy of Great Britain to discourage the consumption of spirituous liquors, on account of their supposed tendency to ruin the health and to corrupt the morals of the common people. According to this policy, the abatement of the taxes upon the distillery ought not to be so great as to reduce the price of those liquors. Spirituous liquors might remain as dear as ever, while at the same time the wholesome and invigorating liquors of beer and ale might be considerably reduced in their price. The people might thus be in part relieved from one of the burdens of which they at present complain the most, while at the same time the revenue might be considerably augmented.

The objections of Dr Davenant to this alteration in the present system of excise duties, seems to be without foundation. Those objections are, that the tax, instead of dividing itself as at present pretty equally upon the profit of the maltster, upon that of the brewer, and upon that of the retailer, would, so far as it affected profit, fall altogether upon that of the maltster, that the maltster could not so easily get back the amount of the tax in the advanced price of his malt, as the brewer and retailer in the advanced price of their liquor, and that so heavy a tax upon malt might reduce the rent and profit of barley land.

No tax can ever reduce, for any considerable time, the rate of profit in any particular trade, which must always keep its level with other trades in the neighbourhood. The present duties upon malt, beer, and ale, do not affect the profits of the dealers in those commodities, who all get back the tax with an additional profit, in the enhanced price of their goods. A tax indeed may render the goods upon which it is imposed so dear as to diminish the consumption of them. But the consumption of malt is in malt liquors,

* Though the duties directly imposed upon proof spirits amount only to 2s 6d per gallon, these added to the duties upon the low wines, from which they are distilled, amount to 3s 10^½d. Both low wines and proof spirits are rated according to what they gauge in the wash.

is absorbed either in the revenue of the state or of the revenue officer, and is employed in maintaining unproductive labour, to the diminution of the general capital of the society, and of the useful industry which it might otherwise have maintained.

IV Such taxes, by subjecting at least the dealers in the taxed commodities to the frequent visits and odious examination of the tax-gatherers, expose them sometimes, no doubt, to some degree of oppression, and always to some trouble and vexation, and though vexation, as has always been said, is not, strictly speaking, expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it. The laws of excise, though more effectual for the purpose for which they were instituted, are, in this respect, more vexatious than those of the customs. When a merchant has imported goods subject to certain duties of customs, when he has paid those duties, and lodged the goods in his warehouse, he is not in most cases liable to any further trouble or vexation from the custom-house officer. It is otherwise with goods subject to duties of excise. The dealers have no respite from the continual visits and examination of the excise officers. The duties of excise are, upon this account, more unpopular than those of the customs, and so are the officers who levy them. Those officers, it is pretended, though in general, perhaps they do their duty fully as well as those of the customs, yet, as that duty obliges them to be frequently very troublesome to some of their neighbours, commonly contract a certain hardness of character which the others frequently have not. This observation, however, may very probably be the mere suggestion of fraudulent dealers, whose smuggling is either prevented or detected by their diligence.

The inconveniences, however, which are, perhaps, in some degree inseparable from taxes upon consumable commodities, fall as light upon the people of great Britain as upon those of any other country of which the government is nearly as expensive. Our state is not perfect, and might be mended, but it is as good or better than that of most of our neighbours.

In consequence of the notion that duties upon consumable goods were taxes upon the profits of merchants, those duties have, in some countries, been repeated upon every successive sale of the goods. If the profits of the merchant importer or merchant manufacturer were taxed, equality seemed to require that those of all the middle buyers, who intervened between either of them and the consumer, should likewise be taxed. The famous Alcavala of Spain seems to have been established upon this principle. It was at first a tax of ten per cent, afterwards of fourteen per cent, and is at present of only six per cent upon the sale of every sort of property, whether movable or immovable, and it is repeated

every time the property is sold * The levying of this tax requires a great multitude of revenue-officers, sufficient to guard the transportation of goods, not only from one province to another, but from one shop to another It subjects not only the dealers in some sorts of goods, but those in all sorts, every farmer, every manufacturer, every merchant and shopkeeper, to the continual visits and examination of the tax-gatherers Through the greater part of a country in which a tax of this kind is established, nothing can be produced for distant sale The produce of every part of the country must be proportioned to the consumption of the neighbourhood. It is to the Alcavala that Ustaritz imputes the ruin of the manufactures of Spain He might have imputed to it, likewise, the declension of agriculture, it being imposed not only upon manufactures, but upon the rude produce of the land

In the kingdom of Naples there is a similar tax of three per cent. upon the value of all contracts, and consequently upon that of all contracts of sale It is both lighter than the Spanish tax, and the greater part of towns and parishes are allowed to pay a composition in lieu of it They levy this composition in what manner they please, generally in a way that gives no interruption to the interior commerce of the place The Neapolitan tax, therefore, is not near so ruinous as the Spanish one

The uniform system of taxation, which, with a few exceptions of no great consequence, takes place in all the different parts of the United Kingdom of Great Britain, leaves the interior commerce of the country, the inland and coasting trade, almost entirely free The inland trade is almost perfectly free, and the greater part of goods may be carried from one end of the kingdom to the other, without requiring any permit or let pass, without being subject to question, visit, or examination from the revenue officers There are a few exceptions, but they are such as can give no interruption to any important branch of the inland commerce of the country Goods carried coastwise, indeed, require certificates or coast-cockets If you except coals, however, the rest are almost all duty free. This freedom of interior commerce, the effect of the uniformity of the system of taxation, is perhaps one of the principal causes of the prosperity of Great Britain, every great country being necessarily the best and most extensive market for the greater part of the productions of its own industry If the same freedom, in consequence of the same uniformity, could be extended to Ireland and the colonies, the grandeur of the state and the prosperity of every part of the empire, would probably be much greater than at present

In France, the different revenue laws which take place in the different provinces, require a multitude of revenue officers to sur-

* Mémoires concernant les Droits, etc., tome 1 p 445.

which are over and above his own consumption, he can do nothing with the surplus but feed and clothe nearly as many people as it will feed and clothe. A hospitality in which there is no luxury, and a liberality in which there is no ostentation, occasion, in this situation of things, the principal expenses of the rich and the great. But these, I have likewise endeavoured to show in the same book, are expenses by which people are not very apt to ruin themselves. There is not, perhaps, any selfish pleasure so frivolous, of which the pursuit has not sometimes ruined even sensible men. A passion for cock-fighting has ruined many. But the instances, I believe, are not very numerous of people who have been ruined by hospitality or liberality of this kind, though the hospitality of luxury and the liberality of ostentation have ruined many. Among our feudal ancestors, the long time during which estates used to continue in the same family sufficiently demonstrates the general disposition of people to live within their income. Though the rustic hospitality constantly exercised by the great landholders may not, to us in the present times, seem consistent with that order which we are apt to consider as inseparably connected with good economy, yet we must certainly allow them to have been at least so far frugal as not commonly to have spent their whole income. A part of their wool and raw hides they had generally an opportunity of selling for money. Some part of this money, perhaps, they spent in purchasing the few objects of vanity and luxury with which the circumstances of the times could furnish them, but some part of it they seem commonly to have hoarded. They could not well, indeed, do anything else but hoard whatever money they saved. To trade was disgraceful to a gentleman, and to lend money at interest, which at that time was considered as usury and prohibited by law, would have been still more so. In those times of violence and disorder, besides, it was convenient to have a hoard of money at hand, that in case they should be driven from their own home, they might have something of known value to carry with them to some place of safety. The same violence which made it convenient to hoard made it equally convenient to conceal the hoard. The frequency of treasure-trove, or of treasure found of which no owner was known, sufficiently demonstrates the frequency in those times both of hoarding and of concealing the hoard. Treasure-trove was then considered as an important branch of the revenue of the sovereign. All the treasure-trove of the kingdom would scarce, perhaps, in the present times make an important branch of the revenue of a private gentleman of a good estate.

The same disposition to save and to hoard prevailed in the sovereign as well as in the subjects. Among nations to whom commerce and manufactures are little known the sovereign, it ha-

been observed in the fourth book, is in a situation which naturally disposes him to the parsimony requisite for accumulation. In that situation the expense even of a sovereign cannot be directed by that vanity which delights in the gaudy finery of a court. The ignorance of the times affords but few of the trinkets in which that finery consists. Standing armies are not then necessary, so that the expense even of a sovereign, like that of any other great lord, can be employed in scarce anything but bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very seldom lead to extravagance, though vanity almost always does. All the ancient sovereigns of Europe, accordingly, had treasures. Every Tartar chief in the present times is said to have one.

In a commercial country abounding with every sort of expensive luxury, the sovereign, in the same manner as almost all the great proprietors in his dominions, naturally spends a great part of his revenue in purchasing those luxuries. His own and the neighbouring countries supply him abundantly with all the costly trinkets which compose the splendid but insignificant pageantry of a court. For the sake of an inferior pageantry of the same kind, his nobles dismiss their retainers, make their tenants independent, and become gradually themselves as insignificant as the greater part of the wealthy burghers in his dominions. The same frivolous passions which influence their conduct influence his. How can it be supposed that he should be the only rich man in his dominions who is insensible to pleasures of this kind? If he does not, what he is very likely to do, spend upon those pleasures so great a part of his revenue as to debilitate very much the defensive power of the state, it cannot well be expected that he should not spend upon them all that part of it which is over and above what is necessary for supporting that defensive power. His ordinary expense becomes equal to his ordinary revenue, and it is well if it does not frequently exceed it. The amassing of treasure can no longer be expected, and when extraordinary exigencies require extraordinary expenses, he must necessarily call upon his subjects for an extraordinary aid. The present and the late king of Prussia are the only great princes of Europe who, since the death of Henry IV of France, in 1610, are supposed to have amassed any considerable treasure. The parsimony which leads to accumulation has become almost as rare in republican as in monarchical governments. The Italian republics, the United Provinces of the Netherlands, are all in debt. The canton of Berne is the single republic in Europe which has amassed any considerable treasure. The other Swiss republics have not. The taste for some sort of pageantry, for splendid buildings, at least, and other public ornaments, frequently prevails as much in the apparently sober senate-house of a little republic as in the dissipated court of the greatest king.

diary fund always at hand to be mortgaged in aid of any other doubtful fund, upon which money is proposed to be raised in any exigency of the state. Whether the sinking fund of Great Britain has been more frequently applied to the one or to the other of those two purposes, will sufficiently appear by-and-by.

Besides those two methods of borrowing, by anticipations and by perpetual funding, there are two other methods, which hold a sort of middle place between them. These are, that of borrowing upon annuities for terms of years, and that of borrowing upon annuities for lives.

During the reigns of King William and Queen Anne, large sums were frequently borrowed upon annuities for terms of years, which were sometimes longer and sometimes shorter. In 1693, an act was passed for borrowing one million upon an annuity of fourteen per cent., or of £140,000 a year for sixteen years. In 1691, an act was passed for borrowing a million upon annuities for lives, upon terms, which in the present times would appear very advantageous. But the subscription was not filled up. In the following year the deficiency was made good by borrowing upon annuities for lives at fourteen per cent., or at a little more than seven years' purchase. In 1695, the persons who had purchased those annuities were allowed to exchange them for others of ninety-six years, upon paying into the exchequer £63 in the £100, that is, the difference between fourteen per cent. for life, and fourteen per cent. for ninety-six years, was sold for £53, or for four and a-half years' purchase. Such was the supposed instability of government, that even these terms procured few purchasers. In the reign of Queen Anne, money was upon different occasions borrowed both upon annuities for lives, and upon annuities for terms of 32, of 89, of 98, and of 99 years. In 1719, the proprietors of the annuities for 32 years were induced to accept in lieu of them South Sea stock to the amount of eleven and a-half years' purchase of the annuities, together with an additional quantity of stock equal to the arrears which happened then to be due upon them. In 1720 the greater part of the other annuities for terms of years, both long and short, were subscribed into the same fund. The long annuities at that time amounted to £666,821, 8s 3½d a year. On Jan 5, 1775, the remainder of them, or what was not subscribed at that time, amounted only to £136,453, 12s 8d.

During the two wars which began in 1739 and in 1755, little money was borrowed either upon annuities for terms of years, or upon those for lives. An annuity for 98 or 99 years, however, is worth nearly as much money as a perpetuity, and should, therefore, one might think, be a sum for borrowing nearly as much. But those who, in order to make family settlements, and to provide for remote futurity, buy into the public stocks, would not care to pur-

chase into one of which the value was continually diminishing, and such people make a very considerable proportion both of the proprietors and purchasers of stock. An annuity for a long term of years, therefore, though its intrinsic value may be very nearly the same with that of a perpetual annuity, will not find nearly the same number of purchasers. The subscribers to a new loan, who mean generally to sell their subscription as soon as possible, prefer greatly a perpetual annuity redeemable by parliament, to an irredeemable annuity for a long term of years of only equal amount. The value of the former may be supposed always the same, or very nearly the same, and it makes, therefore, a more convenient transferable stock than the latter.

During the two last-mentioned wars, annuities, either for terms of years or for lives, were seldom granted but as premiums to the subscribers to a new loan, over and above the redeemable annuity or interest upon the credit of which the loan was supposed to be made. They were granted, not as the proper fund upon which the money was borrowed, but as an additional encouragement to the lender.

Annuities for lives have occasionally been granted in two different ways, either upon separate lives, or upon lots of lives, which in French are called Tontines, from the name of their inventor. When annuities are granted upon separate lives, the death of every individual annuitant disburthens the public revenue so far as it was affected by his annuity. When annuities are granted upon tontines, the liberation of the public revenue does not commence till the death of all the annuitants comprehended in one lot, which may sometimes consist of twenty or thirty persons, of whom the survivors succeed to the annuities of all those who die before them, the last survivor succeeding to the annuities of the whole lot. Upon the same revenue more money can always be raised by tontines than by annuities for separate lives. An annuity, with a right of survivorship, is really worth more than an equal annuity for a separate life, and from the confidence which every man naturally has in his own good fortune, the principle upon which is founded the success of all lotteries, such an annuity generally sells for something more than it is worth. In countries where it is usual for government to raise money by granting annuities, tontines are upon this account generally preferred to annuities for separate lives. The expedient which will raise most money is almost always preferred to that which is likely to bring about in the speediest manner the liberation of the public revenue.

In France a much greater proportion of the public debts consists in annuities for lives than in England. According to a memoir presented by the parliament of Bordeaux to the King in 1764, the whole public debt of France is estimated at 2,400

two portions of the annual produce instead of one, employed in maintaining productive labour

When for defraying the expense of government a revenue is raised within the year from the produce of free or unmortgaged taxes, a certain portion of the revenue of private people is only turned away from maintaining one species of unproductive labour towards maintaining another. Some part of what they pay in those taxes might, no doubt, have been accumulated into capital, and consequently employed in maintaining productive labour, but the greater part would probably have been spent, and consequently employed in maintaining unproductive labour. The public expense, however, when defrayed in this manner, no doubt hinders more or less the further accumulation of new capital, but it does not necessarily occasion the destruction of any actually existing capital.

When the public expense is defrayed by funding, it is defrayed by the annual destruction of some capital which had before existed in the country, by the perversion of some portion of the annual produce which had before been destined for the maintenance of productive labour, towards that of unproductive labour. As in this case, however, the taxes are lighter than they would have been, had a revenue sufficient for defraying the same expense been raised within the year, the private revenue of individuals is necessarily less burdened, and consequently their ability to save and accumulate some part of that revenue into capital is a good deal less impaired. If the method of funding destroy more old capital, it at the same time hinders less the accumulation or acquisition of new capital, than that of defraying the public expense by a revenue raised within the year. Under the system of funding, the frugality and industry of private people can more easily repair the breaches which the waste and extravagance of government may occasionally make in the general capital of the society.

It is only during the continuance of war that the system of funding has this advantage over the other system. Were the expense of war to be defrayed always by a revenue raised within the year, the taxes from which that extraordinary revenue was drawn would last no longer than the war. The ability of private people to accumulate, though less during the war, would have been greater during the peace than under the system of funding. War would not necessarily have occasioned the destruction of any old capitals, and peace would have occasioned the accumulation of many more new. Wars would in general be more speedily concluded and less wantonly undertaken. The people feeling, during the continuance of the war, the complete burden of it, would soon grow weary of it, and government, in order to humour them, would not be under the necessity of carrying it on longer than it

was necessary to do so. The foresight of the heavy and unavoidable burdens of war would hinder the people from wantonly calling for it when there was no real or solid interest to fight for. The seasons during which the ability of private people to accumulate was somewhat impaired, would occur more rarely, and be of shorter continuance. Those, on the contrary, during which that ability was in the highest vigour, would be of much longer duration than they can well be under the system of funding.

When funding, besides, has made a certain progress, the multiplication of taxes which it brings along with it sometimes impairs as much the ability of private people to accumulate even in time of peace, as the other system would in time of war. The peace revenue of Great Britain amounts at present to more than ten millions a year. If free and unmortgaged, it might be sufficient, with proper management, and without contracting a shilling of new debt, to carry on the most vigorous war. The private revenue of the inhabitants of Great Britain is at present as much impeded in time of peace, their ability to accumulate it as much impaired, as it would have been in the time of the most expensive war, had the pernicious system of funding never been adopted.

In the payment of the interest of the public debt, it has been said, it is the right hand which pays the left. The money does not go out of the country. It is only a part of the revenue of one set of the inhabitants which is transferred to another, and the nation is not a farthing the poorer. This apology is founded altogether in the sophistry of the mercantile system, and after the long examination which I have bestowed upon that system, it may perhaps be unnecessary to say anything further about it. It supposes that the whole public debt is owing to the inhabitants of the country, which happens not to be true, the Dutch, as well as several other foreign nations, having a very considerable share in our public funds. But though the whole debt were owing to the inhabitants of the country, it would not upon that account be less pernicious.

Land and capital stock are the two original sources of all revenue, both private and public. Capital stock pays the wages of productive labour, whether employed in agriculture, manufactures, or commerce. The management of those two original sources of revenue belongs to two different sets of people, the proprietors of land, and the owners or employers of capital stock.

The proprietor of land is interested, for the sake of his own revenue, to keep his estate in as good condition as he can, by building and repairing his tenants' houses, by making and maintaining the necessary drains and enclosures, and all those other expensive improvements which it properly belongs to the landlord to make and maintain. But by different land-taxes the revenue of the landlord may be so much diminished, and by different

modities of America, would be entirely at an end. The countries north of Cape Finisterre would be as open to every part of the produce of America, as those south of that Cape are to some parts of that produce at present. The trade between all the different parts of the British empire would, in consequence of this uniformity in the custom-house laws, be as free as the coasting trade of Great Britain is at present. The British empire would thus afford within itself an immense internal market for every part of the produce of all its different provinces. So great an extension of market would soon compensate, both to Ireland and the plantations, all that they could suffer from the increase of the duties of the customs.

The excise is the only part of the British system of taxation which would require to be varied in any respect according as it was applied to the different provinces of the empire. It might be applied to Ireland without any variation, the produce and consumption of that kingdom being exactly of the same nature with those of Great Britain. In its application to America and the West Indies, of which the produce and consumption are so very different from those of Great Britain, some modification might be necessary, in the same manner as in its application to the cider and beer counties of England.

A fermented liquor, for example, which is called beer, but which, as it is made of molasses, bears very little resemblance to our beer, makes a considerable part of the common drink of the people in America. This liquor, as it can be kept only for a few days, cannot, like our beer, be prepared and stored up for sale in great breweries, but every private family must brew it for their own use, in the same manner as they cook their victuals. But to subject every private family to the odious visits and examination of the tax-gatherers, in the same manner as we subject the keepers of ale-houses and, the brewers for public sale, would be altogether inconsistent with liberty. It for the sake of equality it was thought necessary to lay a tax upon this liquor, it might be taxed by taxing the material of which it is made, either at the place of manufacture, or, if the circumstances of the trade render such an excise improper, by laying a duty upon its importation into the colony in which it was to be consumed. Besides the duty of one penny a gallon imposed by the British parliament upon the importation of molasses into America, there is a provincial tax of this kind upon their importation into Massachusetts Bay, in ships belonging to any other colony, of eightpence the hogshead, and another upon their importation from the northern colonies, into South Carolina, of fivepence the gallon. Or, if neither of these methods were found convenient, each family might compound for its consumption of this liquor, either according to the number of persons of which it consisted, in the same manner as private families compound for

badoes, Antigua, and St Christopher's, which have for these many years been completely cultivated, and have, upon that account, afforded less field for the speculations of the planter. The new acquisitions of Grenada, Tobago, St. Vincent's, and Dominica, have opened a new field for speculations of this kind, and the returns from those islands have of late been as irregular and uncertain as those from the great island of Jamaica.

It is not, therefore, the poverty of the colonies which occasions, in the greater part of them, the present scarcity of gold and silver money. Their great demand for active and productive stock makes it convenient for them to have as little dead stock as possible, and disposes them upon that account to content themselves with a cheaper, though less commodious instrument of commerce than gold and silver. They are thereby enabled to convert the value of that gold and silver into the instruments of trade, into the materials of clothing, into household furniture, and into the iron work necessary for building and extending their settlements and plantations. In those branches of business which cannot be transacted without gold and silver money, it appears, that they can always find the necessary quantity of those metals, and if they frequently do not find it, their failure is generally the effect, not of their necessary poverty, but of their unnecessary and excessive enterprise. It is not because they are poor that their payments are irregular and uncertain, but because they are too eager to become excessively rich. Though all that part of the produce of the colonial taxes, which was over and above what was necessary for defraying the expense of their own civil and military establishments, were to be remitted to Great Britain in gold and silver, the colonies have abundantly wherewithal to purchase the requisite quantity of those metals. They would in this case be obliged, indeed, to exchange a part of their surplus produce, with which they now purchase active and productive stock, for dead stock. In transacting their domestic business they would be obliged to employ a costly instead of a cheap instrument of commerce, and the expense of purchasing this costly instrument might damp somewhat the vivacity and ardour of their excessive enterprise in the improvement of land. It might not, however, be necessary to remit any part of the American revenue in gold and silver. It might be remitted in bills drawn upon and accepted by particular merchants or companies in Great Britain, to whom a part of the surplus produce of America had been consigned, who would pay into the treasury the American revenue in money, after having themselves received the value of it in goods, and the whole business might frequently be transacted without exporting a single ounce of gold or silver from America.

It is not contrary to justice that both Ireland and America

should contribute towards the discharge of the public debt of Great Britain. That debt has been contracted in support of the government established by the Revolution, a government to which the Protestants of Ireland owe, not only the whole authority which they at present enjoy in their own country, but every security which they possess for their liberty, their property, and their religion, a government to which several of the colonies of America owe their present charters, and their present constitution, and to which all the colonies of America owe the liberty, security, and property which they have ever since enjoyed. That public debt has been contracted in the defence, not of Great Britain alone, but of all the different provinces of the empire, the immense debt contracted in the late war in particular, and a great part of that contracted in the war before, were both properly contracted in defence of America.

By a union with Great Britain, Ireland would gain, besides the freedom of trade, other advantages much more important, and which would much more than compensate any increase of taxes that might accompany that union. By the union with England, the middling and inferior ranks of people in Scotland gained a complete deliverance from the power of an aristocracy which had always before oppressed them. By a union with Great Britain, the greater part of the people of all ranks in Ireland would gain an equally complete deliverance from a much more oppressive aristocracy, an aristocracy not founded, like that of Scotland, in the natural and respectable distinctions of birth and fortune, but in the most odious of all distinctions, those of religious and political prejudices, distinctions which, more than any other, animate both the insolence of the oppressors and the hatred and indignation of the oppressed, and which commonly render the inhabitants of the same country more hostile to one another than those of different countries ever are. Without a union with Great Britain, the inhabitants of Ireland are not likely for many ages to consider themselves as one people.

No oppressive aristocracy has ever prevailed in the colonies. Even they, however, would, in point of happiness and tranquillity, gain considerably by a union with Great Britain. It would, at least, deliver them from those rancorous and virulent factions which are inseparable from small democracies, and which have so frequently divided the affections of their people, and disturbed the tranquillity of their governments, in their form so nearly democratical. In the case of a total separation from Great Britain, which, unless prevented by a union of this kind, seems very likely to take place, those factions would be ten times more virulent than ever. Before the commencement of the present disturbances, the coercive power of the mother country had always been able to

Cochin China, what are the principal articles of cultivation there, 126

Coin, stamped, the origin and peculiar advantages of, 19—the different species of, in different ages and countries, 20-21—causes of the alterations in value of, 22—how the standard coin of different nations came to be of different metals, 23—a reform in the English coinage suggested, 25—what, in sequences attending the debasement of, 157 coinage of France and Britain, 164—why coin is privately melted down, 171—the mint chiefly employed to keep up the quantity thus diminished, 172—a duty to pay the coinage would preserve money from being melted or counterfeited, 173—standard of the gold coin in France, *ibid*—how a seigniorage on coin would operate, *ibid*—a tax upon coinage is advanced by everybody, and finally paid by nobody, 174—amount of the annual coinage before the late reformation of the gold coin, 175—the law for the encouragement of, founded on prejudice, 179—consequences of raising the denomination, as an expedient to facilitate payment of public debts, 744—adulteration of, 746

Colbert (M.), policy of his commercial regulations disputed, 354, 515

Colleges, cause of the depreciation of their money rents inquired into, 597—the endowments of, from whence they generally arise, 598—whether they have in general answered the purposes of their institution, 599—these endowments have diminished the necessities of application in the teachers, 600—the privileges of graduates by residence, and charitable foundation of scholarships, injurious to collegiate education for

Colliers and coal heavers how their high earnings are accounted for, 81

Colonies, new, the natural progress of, 2, 6—modern, the commercial advantages derived from them, 341—ancient, on what principles founded, 428—Grecian colonies not returned under subjection to the parent states, 429—distinction between the Roman and Greek colonies, 430—circumstances that led to the establishment of European colonies in the East Indies and America, *ibid*—the East Indies discovered by Vasco de Gama, 431—the West Indies by Columbus, 432—gold the object of the first Spanish enterprises, 434—and of all other European nations, 434—rapid progress of the ancient Greek colonies, 437—the Roman colonies slow in improvement, 438—the remoteness of America and the West Indies, greatly in favour of the European colonies there, *ibid*—review of the British American colonies, 443—expense of the civil establishments in British America, 444—ecclesiastical government, *ibid*—general view of the restraints laid upon the trade of the European colonies, 446—trade of the British colonies, how regulated, 447—different kinds of non-enumerated commodities specified, *ibid*—enumerated commodities, 449—restraints upon their manufactures, 450—indulgences granted them by Britain, 451—were free in every other respect except as to their foreign trade, 454—little credit due to the policy of Europe from the success of the colonies, 456—have contributed to augment the industry of all the countries of

Europe, 458—exclusive privileges of trade, a dead weight upon all these exertions both in Europe and America, 460—have in general been a source of expense instead of revenue to their mother-countries, 461—only benefited their mother-countries by the exclusive trade carried on with them, 462—consequences of the navigation act, 463—advantage of the colonial trade to Britain estimated, 465—a gradual relaxation of the exclusive commercial recommended, 47—events which prevent Britain from sensibly feeling the loss of the colonial trade, 474—effects of the colonial trade and the monopoly of that trade distinguished, 475—to maintain a monopoly, the principal end of the Nation Great Britain comes over the colonies, 481—peace established over the two has not Britain attained were colonial wars to support a monopoly, 482—two modes by which they might be taxed, 482—their ascendancy not likely to tax them, 483—taxes by parliamentary requisition, is little likely to be raised, 484—representatives of might be admitted into the British parliament with good effect, 486—answer to objections against American representation, 488—the interest of the consumer in Britain, sacrificed to that of producer in rising an empire in America, 519

Columbus, the motive that led to his discovery of America, 431—why he gave the name of Indies to the islands he discovered, *ibid*—triumphant exhibition of their productions, 433

Columella, his instruction for fencing a kitchen garden, 123—he advises the planting of vine-yards, 123

Commerce, the different common standards or medium made use of to facilitate the exchange of commodities in the early stages of, 18—origin of money, 19—definition of the term *value*, 21—treaties of, though advantageous to the merchants and manufacturers of the favoured country, necessarily disadvantageous to those of the favouring country, 417—translation of the commercial treaty between England and Portugal concluded in 1703, 426—restraints laid upon the European colonies in America, 446—the present splendour of the mercantile system owing to the discovery and colonization of America, 489—the plan by which it proposes to enrich a country, 503

Commodities, the barter of insufficient for supply of the wants of mankind, 18—metals the best medium to facilitate the exchange of, 19—labour, standard for the value of, 23—real and nominal prices of, distinguished, 24—the component parts of the prices of, 26—the natural and market prices of, disengaged, 27—proportion between the value of any two commodities, not necessarily the same as between the quantities of them commonly in the market, 270—price of rude produce, how affected by the advance of wealth and improvement, 273—foreign, are primarily purchased with the produce of domestic industry, 283—when advantageously exported in a rude state, even by a foreign capital, 293—quantity of, in every country regulated by demand, 327—wealth in goods and in money, compared, 329—exportation of to a proper market, attended with more

profit than that of gold and silver, 333—natural advantages of countries in particular productions, sometimes not possible to struggle against, 318

Company, mercantile, incapable of consulting their true interests when they become sovereigns, 499—an exclusive company, a public nuisance, 504—trading, how first formed, 575—regulated companies in Great Britain specified, 576—are useless, 576—the constant view of such companies, 577—forts and garrisons, why never maintained by regulated companies, 244—the nature of joint stock companies, 578 584—a monopoly necessary to enable a joint-stock company to carry on a foreign trade, *ibid*—what joint-stock companies need no exclusive privileges, 590—joint-stock companies, why well adapted to the trade of banking, *ibid*—the trade of insurance, may be carried on successfully by a stock company, 595—*inland* navigations, and supply of water to a great city, 595—all success of joint stock companies in other undertakings, 598

Competition, the effect of, in purchase of commodities, 43—among the vendors 44, 68

Concordat, the, in France, its object, 663

Congress, American, its strength is owing to the important characters it confers on the members of it, 486

Conversion price, in the payment of rents in Scotland, explained, 447

Copper, the measure of value among the Romans, 29—no legal tender in England, 30

Corn, the largest quadruped on the Island of St. Domingo, described, 431

Corn, the rising of, in different countries, not subject to the same degree of rivalry as manufactures, 18—the best standard for reserved rents, 28—price of, how regulated, 29—price of, the best standard for comparing the different values of particular commodities at different times and places, 69—the three component parts in the price of, 71—value compared with that of butchers' meat, in the different periods of agriculture, 117, 121—compared with silver, 142—circumstances in a historical view of the prices of corn, that have misled writers in treating of the value of silver at different periods, 147—always a more accurate measure of value than any other commodity, 150—why dearer in great towns than in the country, 152—why dearer in some rich commercial countries, as Holland and Genoa, 153—rose in its nominal price on discovery of the American mines, 154—and in consequence of the civil war under Chas I, 155—and in consequence of the bounty on the exportation of, 156—tendency of the bounty examined, 158—chronological table of the prices of, 204—the least profitable article of growth in the British West Indian colonies, 298—restraints formerly laid upon the trade of, unfavourable to the cultivation of land, 203—free importation of, could little affect the farmers of Great Britain, 350—policy of the bounty on the exportation of, examined, 386—reduction in the price of corn not produced by the bounty, 387—tillage not encouraged by the bounty, 388—money price of, regulates that of all other home-made commodities, 389—illustration, 390—all effects of the bounty, 392—motives of the country

gentlemen in granting the bounty, 393—natural value of corn not to be altered by altering the money price, 393—the four several branches of the corn trade specified, 490—*inland* dealer, for his own interest, will not raise the price of corn higher than the scarcity of the season requires, *idem*—corn a commodity the least liable to be monopolized, 401—*inland* dealers in corn too numerous and dispersed to form a general combination, 402—dearths never artificial, but when government interferences improperly to prevent them, 402—freedom of the corn trade, the best security against a famine, 403—old English statute to prohibit the corn trade, 406—consequences of farmers being forced to become corn dealers, 405—use of corn dealers to the farmers, 406—the prohibitory statute against the corn trade softened, 407—but still under the influence of popular prejudices, 408—average quantity of corn imported and exported, compared with the consumption and annual produce, *ibid*—tendency of a free importation of corn, 409—home market the most important one for corn, *ibid*—duties payable on the importation of grun before 13 Geo III, 410, *note*—the impropriety of the statute 22 Car II for regulating the importation of wheat, confessed by the suspension of its execution, by temporary statutes, 411—home market indirectly supplied by the exportation of corn, *ibid*—how a liberal system of free exportation and importation, among all nations, would operate, 412—the laws concerning corn, similar to those relating to religion, 413—home market supplied by the carrying trade, *ibid*—system of laws connected with the establishment of the bounty, undeserving of praise, 414—on the statute 13 Geo III, 415

Corporations, tendency of the exclusive privileges of, on trade, 48, 94—by what authority erected, 96—advantages corporations derive from the surrounding country, 97—check the operations of competition, 99—their internal regulations, combinations, against the public, 100—*injurious*, even to the members of them, *ibid*—laws of, obstruct the free circulation of labour, 112—the origin of, 305—exempted by their privileges from the power of the feudal barons, 306—European East India companies disadvantageous to the eastern commerce, 340—exclusive privileges of corporations ought to be destroyed, 357

Cottagers, in Scotland their situation described, 91—are cheap manufacturers of stockings, 97—the diminution of number of in England, considered, 181

Coward, character of the, 616

Crusades to the Holy Land, favourable to the revival of commerce, 310

Currency of states, remarks on 363

Customs, riots and tendency of drawbacks from the duties of, 381—revenue of the customs increased by drawbacks, 384—occasions of first imposing the duties of, 57,—origin of those duties, 686—three ancient branches of 699—drawbacks of, 700—regulated according to the mercantile *idem*, 701—frauds practised to obtain drawbacks and bounties 702—duties of, often uncertain 703—improvement of, suggested 703—compensation of the expense of collecting them, 704

in manufactures, 49—*inquiry how far they are affected by seasons of plenty and scarcity*, 65—not so materially affected by circumstances in the country where they are carried on, as in the places where they are consumed, 66—*new manufactures generally give higher wages than old ones*, 87—*more profitably carried on in towns than in the open country*, 96—*by what means the prices of, are reduced*, while the society continues improving, 195—*instances in hardware*, 197—*instances in the woollen manufacture*, 198—*what fixed capitals are required to carry on particular manufactures*, 209—*for distant sale why not established in N. America*, 293—*why manufacturers are preferred to foreign trade*, for the employment of a capital, 294—*measures to the establishment of manufactures for distant sale*, 310—*how shifted from one country to another*, 311—*natural circumstances which contribute to the establishment of them*, 304—*their effect on the government and manners of a country*, 314—*independence of tributaries explained*, 317—*may flourish amidst the ruin of a country, and begin to decay on return of its prosperity*, 326—*inquiry how far manufacturers might be affected by a freedom of trade*, 354—*those thrown out of one business can transfer their industry to collateral employments*, 357—*a spirit of combination among them to support monopolies*, 408—*manufacturers prohibited by old statutes from keeping a shop or selling their own goods by retail*, 409—*use of wholesale dealers to manufacturers*, 409—*British restraints on manufactures in North America*, 410—*exportation of instruments in, prohibited*, 516

Manufacturers, an unproductive class of the people, according to the French agricultural system of political economy, 520—*error of this doctrine*, 529—*how manufacturers augment the revenue of a country*, 531—*why the principal support of foreign trade*, 534—*require a more extensive market than rural produce of the land*, 536—*were exercised by slaves in Ancient Greece*, 537—*high prices of, in Greece and at Rome*, 538—*false policy to check manufactures in order to promote agriculture*, 538—*in Great Britain, why principally fixed in the coal countries*, 689

Manse, the supply of, in most places depends on the stock of cattle raised, 177

Maritime countries, why the first that are civilised and improved, 24

Martial spirit, how supported in ancient Greece and Rome, 616—*want of it now supplied by standing armies*, 617—*establishment of a militia little able to support it*, 618

Mediterranean sea peculiarly favourable for the first attempt at navigation, 350

Meggens account of annual importation of gold and silver into Spain and Portugal, 166—*its relative proportion of each*, 168

Mercantile system explained, 700

Mercenary troops, origin and reason of, 544—*the numbers of, how limited*, 545

Merchants, their judgments more to be depended on respecting the interests of their particular branches of trade, than with regard to the public interest, 203—*capital altogether circulating*, 209—*dealings extended by the aid of bankers* notes 227, 231—

customs of, first established to supply the want of laws, and afterward admitted as laws, 236—*manner of negotiating bills of exchange explained*, 245—*pernicious tendency of drawing and redrawing*, 237—*in what method their capitals are employed*, 276—*their capitals dispersed and unfixed*, 281—*principles of foreign trade examined*, 287—*are the best of imprimis when they turn country gentlemen*, 313—*their preference among the different species of trade how determined*, 315—*accrued by a narrow spirit of monopoly*, 357—*several branches of the corn trade specified and considered*, 401—*government of a company of, the worst a country can be under*, 440—*of London, not good economists*, 452—*the quick return of mercantile capitals enables merchants to advance money to government*, 733—*their capitals increased by lending money to the state*, 731

Mercier, de la M., *charter of his natural and essential order of political society*, 223

Metals why the best medium of commerce, 17—*origin of stamp-coin*, 18—*why different metals became the standard of value among different nations*, 27—*the durability of the cause of the steadiness of their price*, 169—*on what the quantity of precious metals in every particular country depends*, 191—*restraints upon the exportation of*, 324

Meteorics, the science of, 615

Metzger, description of the class of carriers so called in France, 277

Methodists, the teachers among, why they are popular preachers, 612

Methuen, Mr., *translation of the commercial treatise concluded by him between England and Portugal*, 420

Mexico, a less civilised country than Peru when first visited by the Spaniards, 162—*present populousness of the capital city*, 429

Militia, why allowed to be formed in cities, and its formidable nature, 307—*the origin and nature of*, 550—*how distinguished from the regular standing army*, 551—*must always be inferior to a standing army*, 552—*campaigns of service may make a militia equal to a standing army*, 553—*instances*, 554

Milk a most perishable commodity, how manufactured for store, 182

Mills, wind and water, their late introduction into England, 200

Mines, distinguished by their fertility or barrenness, 131—*comparison between those of coal and those of metals*, 235—*competition between extends to all parts of the world*, 132—*the working of a lottery*, 133—*diamond mines not always worth working*, 138—*tax paid to the king of Spain from the Peruvian mines*, 161—*discovery of mines not dependent on human skill or industry*, 191—*in Hungary, why worked at less expence than the neighbouring ones in Turkey*, 539

Mining, projects of uncertain and ruinous, and unfit for legal encouragement, 380

Mirabeau, Marquis de his character of the economical table, 268

Mississippi, the scheme in France the real foundation of, 242

Moldes, for tithe, a relief to the farmer, 664

Money the origin of traced 17—*is the representative of labour*, 24—*value of greatly*

depreciated by discovery of the American mines, 26—how different metals became the standard money of different nations, 22—only part of the circulating capital of a society, of which the inaustenance can diminish their net revenue, 217—makes no part of the revenue of a society, 220—term money in common acceptation, of ambiguous meaning, 226—circulating money in society, no measure of its revenue, 221—paper money, 221—effect of paper on the circulation of cash, 221—*inquiry into the proportion the circulating money of any country bears to the annual produce circulated by it*, 225—paper can never exceed the value of the cash, of which it supplies the place in any country, 228—pernicious practice of raising money by circulation explained, 236—true cause of its exportation, 261—*loans of the principles of, analyzed*, 270—monied interest, distinguished from the landed and trading interest, 271—*inquiry into the real causes of the reduction of interest*, 273—money and wealth synonymous terms in popular language, 324—and movable goods compared, 325—*accumulation of, studied by European nations*, 325—mercantile arguments for liberty to export gold and silver, 325—*validity of these arguments examined*, 327—money and goods mutually the price of each other, 328—*over trading causes complaints of the scarcity of money*, 330—why more easy to buy goods with money, than to buy money with goods, 331—*inquiry into the circulating quantity of, in Great Britain*, 334—*effect of the discovery of the American mines on the value of*, 339—money and wealth different things, 341—bank money explained, 365

Monopolies in trade, or manufactures, the tendency of, 45—the enemies to good management, 113—tendency of making a monopoly of the colonial trade, 474—countries which have colonies obliged to share their advantages with many other countries, 490—the chief engine in the mercantile system, 492—*how monopolies derange the natural distribution of the stock of the society*, 493—are supported by unjust and cruel laws, 507—of a temporary nature, how far justifiable, 591—perpetual monopolies injurious to the people at large, 592

Montauban, the inequalities in the predial taille in that generality, how rectified, 661

Montesquieu, reasons given by him for the high rates of interest among all Mahometan nations, 74—his idea of the cause of lowering the rate of interest of money, 273

Morality, two different systems of, in every civilized society, 625—principal points of distinction between them, 626—ties of obligation in each system, 626—why the morals of common people more regular in sectaries than under the Established Church, 625—the excesses of how to be corrected, 626-8

Morellet (M.), his account of joint stock companies defective, 595

Mun's illustration of operation of money exported for commercial purposes, 325

Musæ, why a part of the ancient Grecian education, 607—and dancing, great amusements among barbarous nations, 608

NATIONS sometimes driven to inhuman cus-

toms by poverty, 12—number of useful and productive labours in, proportioned to the capital stock on which they are employed, 18—several sorts of industry, seldom dealt impartially by, 19—maritime nations, why the first improved, 32—how ruined by a neglect of public economy, 128—evidences of the increase of a national capital, 264—how expenses of individuals may increase the national capital, 267

Navigation, inland, a great means of improving a country in arts and industry, 16—advantages of, 112—may be successfully managed by joint stock companies, 292—act of England, the principal dispositions of, 349—motives that dictated this law, 351—consequences, so far as it affected the colonial trade with England, 352—diminished the foreign trade with Europe, 454—kept up high profits in British trade, 455—subjects Brita to a disadvantage in every branch of trade of which she has not the monopoly, 466

Necessaries distinguished from luxuries, 690—operation of taxes on, 691—principal necessities taxed 705

Negro slaves, why not much employed in raising corn in the English colonies, 298—why more numerous on sugar, than on tobacco plantations, 299

Nile, river, the cause of the early improvement of agriculture and manufactures in the land of Egypt, 15

OATS, bread made of, not so suitable to the constitution as that made of wheat, 128

Ontology the science of, 604

Oxford, professorships there *since* 1598, 598

PAPER MONEY, the credit of, how established, 221—operation of paper money, 222—effect on the circulation of cash, 223—promotes industry, 224—operation of the several banking companies established in Scotland, 226—can never exceed the value of the gold and silver, of which it supplies the place, in any country, 246—consequences of too much paper being issued, 247—practice of drawing and redrawing explained, with its pernicious effects, 236—advantages and disadvantages of paper credit stated, 245—ill effects of notes issued for small sums, 247—suppressing small notes, renders money more plentiful, 248—currency of, does not effect the prices of goods, 250—account of paper currency in America, 251

Paper money, expedient of the government of Penns, Irlan to raise money, 647—why convenient for the domestic purposes of the North Americans, 753

Parsimony enjoys little more trade than is necessary for consumption of its inhabitants, 258

Parish ministers, evils attending vesting the election of, in the people, 642

Parsimony is the immediate cause of the increase of capitals, 259—promotes industry, 260—frugal men public benefactors, 261—is the only means by which artificers and manufacturers can add to revenue and wealth of society, according to the French agricultural system of political economy, 334

Pasture land, under what circumstances more profitable than arable land, 114—why it ought to be inclosed, 115

Vineyard, the most profitable part of agriculture, both among the ancients and moderns, 119—great advantages derived from peculiarities of soil in, 120

WAGES of labour, how settled between master and workmen, 49—workmen generally obliged to comply with the terms of their employers, *ibid*—opposition of workmen outrageous, and seldom successful, 50—circumstances which operate to raise wages, 51—the extent of wages limited by the funds from which they arise, 52—why higher in North America than in England, *ibid*—are low in countries that are stationary, 53—not oppressively low in Great Britain, 55—a distinction made here between the wages in summer and in winter, *ibid*—if sufficient in dear years, they must be ample in seasons of plenty, 56—different rates of, in different places, 56—liberal wages encourage industry and propagation, 61—an advance of, necessarily raises the price of many commodities, 65—an average of, not easily ascertained, 67—operation of high wages and high profits compared, 73—causes of the variation of, in different employments, 75—generally higher in new than in old trades, 87, 104—legal regulations of, destroy industry and ingenuity, 109—natural effect of a direct tax upon, 189

Walpole's (Sir R.) excise scheme defended, 184

Wants of mankind, how supplied through the operation of labour, 6—how extended in proportion to their supply, 130—the far greater part of them supplied from the produce of other men's labour, 208

Wars, foregn, the funds for the maintenance of, in the present century, have little dependence on the quantity of gold and silver in a nation, 533—how supported by a nation of hunters, 541—by a nation of shepherds, 542—by a nation of husbandmen, 542—men of military age, what proportion they bear to the whole society, *ibid*—feudal wars, how supported, 544—causes which in the advanced state of society rendered it impossible for those who took the field to maintain themselves, *ibid*—how the art of war became a distinct profession, 547—distinction between the militia and regular forces, 547—alteration in the art of war produced by the invention of fire-arms, 549, 555—importance of discipline, 550—Macedonian army, 550—Carthaginian army, *ibid*—Roman army, 551—Fendal armies, 553—

well-regulated standing army the only defence of a civilized country, and the only means for speedily civilizing a barbarous country, 554—the want of parsimony during peace, imposes on states the necessity of contracting debts to carry on war, 726, 734—why war is agreeable to those who live secure from the immediate calamities of it, 735—advantages for raising supplies for, within the year, 739

Watch movements, reduction in the prices of, owing to mechanical improvements, 197

Wealth and money, synonymous terms, in popular language, 324, 341—Spanish and Tartarian estimate of, compared, 325—the great authority conferred by the possession of, 360

Weavers, the profits of, why necessarily greater than those of spinners, 37

West Indies, discovered by Columbus, 431—the original native productions of, 432—the thirst of gold the object of all the Spanish enterprises there, 433—and of those of every other European nation, 434—the remoteness of, greatly in favour of the European colonies there, 438—the sugar colonies of France better governed than those of Britain, 455

Window tax in Britain, how rated, 670—tends to reduce house-rent, 672

Windsor market, chronological table of the prices of corn at, 205-6

Wine, the cheapness of, would be a cause of solvency, 376—the carrying trade in, encouraged by English statutes, 477

Wood, the price of, rises in proportion as a country is cultivated, 132—the growth of young trees prevented by cattle, 132—when planting of trees becomes profitable, *ibid*

Wool, the produce of rude countries, commonly carried to a distant market, 185—the price of, in England, has fallen considerably since the time of Edward III, 186—causes of this diminution in price, 187—the price of, considerably reduced in Scotland, by the union with England, 189—severity of the laws against the exportation of, 508—restraints upon the inland commerce of, 509—restraints upon the coasting trade of, *ibid*—pleas on which these restraints are founded, 510—the price of wool depressed by those regulations, 511—exportation of, ought to be allowed, subject to a duty, 513

Woollen cloth, the present prices of, compared with those at the close of the fifteenth century, 198—three mechanical improvements introduced in the manufacture of, 199

